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DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS FOR

COAL CREEK VILLAGE NORTH PAIRED AND PATIO VILLA HOMES

COUNTY OF BOULDER, STATE OF COLORADO

When recorded, return to:
Rebecca W. Dow, Esq.
Holland & Hart LLP
555 17th Street, Suite 3200
Denver, Colorado 80202

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COAL CREEK VILLAGE NORTH PAIRED AND PATIO VILLA HOMES

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR COAL CREEK VILLAGE NORTH PAIRED AND PATIO VILLA HOMES is entered into by The Ryland Group, Inc., a Maryland corporation ("Declarant," as hereinafter more fully defined).

RECITALS

A. Declarant is the owner of the real property situated in the County of Boulder, State of Colorado, which is described on Exhibit A and Exhibit B each of which is attached hereto and incorporated herein by this reference (the "Community," as hereinafter more fully defined); and

B. Declarant desires to subject and place upon the Community certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other provisions; and

C. A common interest community may be created pursuant to the Act (as hereinafter defined) only by recording a declaration executed in the same manner as a deed. The declaration must be recorded in every county in which any portion of the common interest community is located and must be indexed in the grantee's index in the name of the common interest community and in the name of the association, and in the grantor's index in the name of each person executing the declaration. No common interest community is created until the plat or map for the common interest community is recorded.

DECLARATION

Declarant hereby declares that one or more plats of the Community have been recorded and that all of the Community shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges and other provisions set forth herein, all of which shall run with the land.

ARTICLE 1. DEFINITIONS

Section 1.1. Act.

"Act" means the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, et seq., as amended.

Section 1.2. Additional Property.

"Additional Property" means the property described on Exhibit C attached hereto and incorporated herein by this reference, plus such additional real property as the Declarant may elect to add in its sole discretion, in an amount not to exceed the maximum permitted pursuant to the Act. Unless and until the Additional Property or any portion thereof is annexed to this Declaration (and not withdrawn), such property shall not be subject to this Declaration or any provision hereof except the right of annexation provided in Section 15.4 of this Declaration. This Declaration does not affect the title of the Additional Property nor constitute a cloud on title until the Additional Property

or any portion thereof is annexed into this Declaration as provided in Section 15.4 of this Declaration.

Section 1.3. Agencies.

"Agencies" collectively means the Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), the Department of Housing and Urban Development ("HUD"), the Veterans Administration ("VA") or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities.

Section 1.4. Allocated Interests.

"Allocated Interests" means the share of Association common expenses and votes allocated to each Lot. The Allocated Interest for each Lot shall be a fraction, the numerator of which is one (1) and the denominator of which is the total number of Lots within the Community from time to time.

Section 1.5. Assessment.

"Assessment" means annual Assessments and special Assessments, which are provided for in this Declaration.

Section 1.6. Association.

"Association" means Coal Creek Village North Paired and Patio Villa Homes Association, Inc., a Colorado non-profit corporation, its successors and assigns, a community association as provided in the Act.

Section 1.7. Board of Directors.

"Board of Directors" or "Board" means the body, regardless of name, designated in this Declaration, the Articles of Incorporation and the Bylaws of the Association to act on behalf of the Association.

Section 1.8. Builder.

"Builder" means (i) any Person who acquires more than one Lot for the purpose of constructing a residential structure on each such Lot for sale to the public or (ii) any Person who acquires more than one Lot for sale to any Person fitting the description in Section 1.8(i).

Section 1.9. Common Elements.

"Common Elements" means any real property and Improvements owned or leased by the Association other than a Lot, which exists for the common use of the Owners, subject to the right of the Association to regulate, manage, convey and encumber the Common Element as provided herein and in accordance with the Act. The real property that comprises the Common Elements at the time of recordation of this Declaration, if any, is described on the attached Exhibit B. Additional Common Elements may be annexed by Declarant as provided in Section 15.4 of this Declaration.

Section 1.10. Community.

"Community" means real property described on the attached Exhibit A and the attached Exhibit B to this Declaration, as supplemented and amended from time to time. The Community is a planned community under the Act. The name of the Community is Coal Creek Village North Paired and Patio Villa Homes.

Section 1.11. Declarant.

"Declarant" means The Ryland Group, Inc., a Maryland corporation, and any other Person(s) to whom the Declarant, by recorded document, expressly assigns one or more of the Declarant's rights under this Declaration (which shall be the extent of the Declarant's rights to which such assignee succeeds).

Section 1.12. Declaration.

"Declaration" means this Declaration of Covenants, Conditions and Restrictions for Coal Creek Village North Paired and Patio Villa Homes and any other recorded instruments, however denominated, that create this Community, including any supplements and amendments to those instruments and also including, but not limited to, maps and plats.

Section 1.13. Design Review Committee or Committee.

"Design Review Committee" or "Committee" means the committee appointed by the Declarant until automatic termination of the Special Declarant Rights and then appointed by the Board of Directors, all as provided in Section 5.1.1 of this Declaration. The Committee shall review and approve or disapprove plans for Improvements, as more fully provided in this Declaration.

Section 1.14. Development Rights.

"Development Rights" means the following rights or combination of rights reserved by the Declarant as provided in this Declaration:

1.14.1. add real estate to this Community;

1.14.2. create Lots and/or Common Elements;

1.14.3. subdivide or replat Lots; and

1.14.4. withdraw real estate from this Community.

The Declarant's right to exercise Development Rights shall terminate as provided in Section 1.37 of this Declaration.

Section 1.15. Governing Documents.

"Governing Documents" means this Declaration, the Articles of Incorporation, Bylaws, and any rules and regulations, policies and procedures, design guidelines, and similar documents, of the Association.

Section 1.16. Governmental Authority.

"Governmental Authority," means, as applicable, the City of Lafayette, County of Boulder, State of Colorado, or other governmental agency or entity with authority as to the Community.

Section 1.17. Improvements.

"Improvements" means all improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features. The foregoing shall include, without limitation, buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, driveways, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, poles, fixed basketball backboards and hoops, signs, exterior tanks, utilities facilities, pipes, lines and exterior air conditioning, cooling, heating and water softening equipment, if any. For purposes of Article 5 of this Declaration and only in such Article, the word "exterior" shall be inserted immediately preceding the fourth word "improvements" in the first sentence of this Section.

Section 1.18. Initially Unoccupied Lots.

"Initially Unoccupied Lots" means only those Lots which have not been conveyed to the initial Owner other than the Declarant or a Builder.

Section 1.19. Lot.

"Lot" means each platted lot that is specifically described on the attached Exhibit A, as the same may be subdivided or replatted from time to time (and "Lot" shall include all lots created as a result of such subdivision or replatting), and any other platted lot(s) that may hereafter be annexed to this Declaration as provided in Section 15.4, with the exception of the Common Elements and any publicly dedicated property. Each Lot shall constitute a "unit" under the Act and it shall not be necessary to use the term "unit" as a part of a legally sufficient description of a Lot.

Section 1.20. Lots that May Be Included.

"Lots that May Be Included" means ninety-six (96) Lots, which shall be the maximum number of Lots that may be subject to this Declaration, including the Lots described on Exhibit A and those Lots which may be added if all of the Additional Property is annexed to this Declaration. However, the aforesaid number of Lots that May Be Included is not a representation or a guarantee as to the actual number of Lots that will ultimately be included in or constructed as part of the Community.

Section 1.21. Master Association.

"Master Association" means the Coal Creek Village Master Association, a Colorado non-profit corporation, its successors and assigns.

Section 1.22. Master Association Assessments.

"Master Association Assessments" means assessments imposed by the Master Association pursuant to the Master Declaration.

Section 1.23. Master Association Community

"Master Association Community" means the Coal Creek Village Community.

Section 1.24. Master Declaration.

"Master Declaration" means that certain Master Declaration of Covenants, Conditions, and Restrictions of Replat A of Coal Creek Village P.U.D., a Replat of Coal Creek Village P.U.D. Filing 1, recorded in the Records on December 22, 2003, at Reception No. 2541311, as amended and supplemented from time to time. In addition to this Declaration, the Community is subject to the Master Declaration.

Section 1.25. Member.

"Member" means all Owners of a Lot collectively or, following termination of the Community, all former Owners of each Lot entitled to distributions of proceeds under the Act or their heirs, personal representatives, successors or assigns.

Section 1.26. Notice and Hearing.

"Notice and Hearing" means the notice and hearing as provided in the Bylaws or by resolution of the Board of Directors in accordance with the Act.

Section 1.27. Owner.

"Owner" means each fee simple title holder of a Lot, including, the Declarant, Builder, or other Person who owns a Lot, but does not include a Person having an interest in a Lot solely as security for an obligation. There may be more than one Owner of a Lot.

Section 1.28. Party Wall.

"Party Wall" means any wall which: is part of the original construction of the structures located on Lots as such wall(s) may be repaired or reconstructed from time to time; is placed on or immediately adjacent to a Lot's lot line; and separates two (2) or more structures as a common wall; and any monolithic slab located on two (2) Lots. Without limiting the generality of the foregoing, "Party Wall" includes any two walls which meet the foregoing criteria and which are separated by a small amount of air space.

Section 1.29. Patio Villa Lots.

"Patio Villa Lots" means those Lots which have been designated by Declarant as being Patio Villa Lots on Exhibit A or in a Supplemental Declaration. Patio Villa Lots shall be "Lots" for all purposes under this Declaration, except as otherwise expressly specified, and is a Lot containing Declarant or Builder-installed back yard or adjacent tract landscaping to be maintained by the Association pursuant to Sections 3.9.2 and 9.1.

Section 1.30. Person.

"Person" means a natural person, a corporation, a partnership, an association, a trust, a limited liability company, a joint venture, or any other entity recognized under the laws of the State of Colorado or any combination thereof.

Section 1.31. Plat.

"Plat" means the Replat A of Coal Creek Village P.U.D., a Replat of Coal Creek Village P.U.D. Filing 1, County of Boulder, State of Colorado, as the same may be amended from time to time.

Section 1.32. Rules and Regulations.

"Rules and Regulations" means the Rules and Regulations adopted by the Association as provided in Section 3.16.

Section 1.33. Records.

"Records" means the real property records in the office of the Clerk and Recorder of Boulder County, Colorado.

Section 1.34. Related Parties.

"Related Parties" or "Related Party" means any Person who: (a) resides with an Owner within a Lot, (b) is a guest of an Owner, or (c) is an occupant, tenant or contract purchaser of a Lot, and any family member, guest, invitee or cohabitant of such Person.

Section 1.35. Security Interest.

"Security Interest" means an interest in real estate or personal property in the Community or any portion thereof, created by contract or conveyance, which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of leases or rents intended as security, pledge of an ownership interest in the Association, and any other consensual lien or title retention contract intended as security for an obligation. "Security Interest" may also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the Records in which the property described on Exhibit A (as amended and supplemented from time to time) is located show the Administrator as having the record title to the Lot.

Section 1.36. Security Interest Holder.

"Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest, or any successor to the interest of any such Person under such Security Interest.

Section 1.37. Special Declarant Rights.

"Special Declarant Rights" means the following rights, which rights are hereby reserved for the benefit of the Declarant, and which rights may be further described in this Declaration: to build and complete Improvements in the Community; to exercise any Development Right; to maintain sales offices, construction offices, management offices, model homes and signs advertising the Community and sale of Lots; to use easements through the Common Elements for the purpose of making Improvements within the Community or within real estate which may be added to the Community; to make the Community subject to a master association; or to merge or consolidate a common interest community of the same form of ownership. All of the Special Declarant Rights may be exercised by the Declarant with respect to any portion of the property now or hereafter within the Community. The Declarant may exercise its Special Declarant Rights at any time and from time to time in all or any portion of the Community, and no assurances are made as to the boundaries or order of exercise of any Special Declarant Rights. Such Special Declarant Rights

shall terminate on the earlier of: the twentieth (20th) anniversary date of the date of recording of this Declaration or at such time as Declarant and its assigns owns no portion of the property described on the attached Exhibits A, B and C.

Section 1.38. Supplemental Declaration.

"Supplemental Declaration" means a written recorded instrument amending or supplementing this Declaration, including new or revised covenants, conditions, restrictions, reservations, easements or equitable servitudes, annexations, or any combination thereof, which affects any portion of the Property.

Section 1.39. Use Easement Premises.

"Use Easement Premises" means that area of a Patio Villa Lot that is to be used as a driveway for the adjacent Lot; use and maintenance of the Use Easement Premises shall be in accordance with and subject to the provisions of Article 11 hereof. However, not all Lots will have a Use Easement Premises thereon. Those Patio Villa Lots in the Community on which a Use Easement Premises is planned to be located, and those Patio Villa Lots in the Community which are planned to benefit from such Use Easement Premises, will be depicted on the Plat; the Use Easement Premises for each specific Patio Villa Lot may vary in size and shape.

Section 1.40. 75% Control Period.

"75% Control Period" means the period of time during the Special Declarant Rights period defined in Section 1.37 which Declarant has certain rights to appoint or remove officers and directors of the Association as provided in Sections 3.4 and 3.5, which length of time terminates upon the first to occur of the following events: sixty (60) days after conveyance of seventy-five percent (75%) of the Lots that May Be Included to Owners other than a Declarant or Builder; two (2) years after the last conveyance of a Lot by the Declarant or a Builder in the ordinary course of business, whichever is later; or two (2) years after any right to add new Lots to the Declaration was last exercised by Declarant or a Builder.

ARTICLE 2. MEMBERSHIP AND VOTING RIGHTS; MASTER ASSOCIATION

Section 2.1. Membership in the Association.

Each Owner of a Lot shall be a Member of the Association. An Owner shall automatically be the holder of the membership appurtenant to such Owner's Lot, and the membership shall automatically pass with fee simple title to the Lot. Membership in the Association shall not be assignable separate and apart from fee simple title to a Lot, except that an Owner may assign some or all of the Owner's rights as an Owner and as a Member of the Association to a tenant or Security Interest Holder, and may arrange for a tenant to perform some or all of such Owner's obligations as provided in this Declaration, but no such delegation or assignment shall relieve an Owner from the responsibility for fulfillment of the obligations of Owners under this Declaration, nor shall a tenant exercise an Owner's right to attend Association meetings or to exercise an Owner's right to vote (except by valid proxy) or exercise an Owner's right to be elected to the Board. The rights acquired by any such tenant or Security Interest Holder shall be extinguished automatically upon termination of the tenancy or Security Interest.

Section 2.2. One Class of Membership.

The Association shall have one (1) class of membership. Each Lot shall have one (1) membership and there is only one (1) Member per Lot, even if the Lot is owned by multiple Owners.

Section 2.3. Voting Rights.

Each Member shall be entitled to one (1) vote for each Lot owned except that no votes allocated to a Lot owned by the Association may be cast. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Lots then existing within the Community, less the number of Lots owned by the Association.

Section 2.4. The Act; Recorded Title Exceptions.

The Act is incorporated herein by this reference except where specific provisions of this Declaration conflict with the Act and such conflict is permissible under the Act; in such event this Declaration shall prevail over the Act. In all other cases the Act shall prevail over this Declaration. The easements and recorded title exceptions are listed in Exhibit D attached hereto and incorporated herein by this reference. The Plat sets forth the boundary of the Lots, and each Lot's identifying number.

Section 2.5. Master Association.

This Community is part of the Coal Creek Village Community (the "Master Association Community") and is specifically subject to the Master Declaration, the Articles of Incorporation and Bylaws of the Master Association, and any Rules and Regulations adopted by the board of directors of the Master Association (collectively, the "Master Association Governing Documents"). The Master Association is hereby expressly authorized, permitted and empowered to exercise all of the powers set forth in the Master Association Governing Documents, including without limitation the right to adopt and amend budgets for revenues, expenditures and reserves; and the right to assess and collect Assessments (as defined in the Master Declaration) from the Owners, all in order to further the interests of the Owners and the other owners within the Coal Creek Village Community. The Master Declaration is incorporated herein by this reference. In the event of any inconsistency between the Master Declaration and this Declaration, the Master Declaration shall control as to matters specific to the Master Association Community and this Declaration shall control as to matters specific to the Community.

ARTICLE 3. ASSOCIATION

Section 3.1. Association.

The Association has or will be formed as a Colorado corporation under the Colorado Revised Nonprofit Corporation Act. The Association shall have the duties, powers and rights set forth in this Declaration, in its Articles of Incorporation and Bylaws and as provided in the Act or otherwise by Colorado law.

Section 3.2. Board of Directors.

The affairs of the Association shall be managed by the Board of Directors. The number, term and qualifications of the Board of Directors shall be fixed in the Association's Articles of Incorporation and Bylaws. The Board of Directors may, by resolution, delegate portions of its

authority to an executive committee or to other committees, to officers of the Association or to agents and employees of the Association, but such delegation of authority shall not relieve the Board of Directors of the ultimate responsibility for management of the affairs of the Association.

Section 3.3. Authority of the Board of Directors.

Action by or on behalf of the Association may be taken by the Board of Directors or any duly authorized executive committee, officer, agent or employee without a vote of the Members, except as otherwise specifically provided in this Declaration, the Articles of Incorporation or Bylaws of the Association.

Section 3.4. Election of Part of the Board During the 75% Control Period.

No later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots that May Be Included to Owners other than a Declarant or a Builder, at least one (1) director and not less than twenty-five percent (25%) of the directors must be elected by Members other than the Declarant, provided that the Declarant reserves the right to appoint a majority of the Board. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots that May Be Included to Owners other than a Declarant or a Builder, not less than thirty-three and one-third percent (33 1/3%) of the directors must be elected by Members other than the Declarant, provided that the Declarant reserves the right to appoint a majority of the Board.

Section 3.5. Authority of Declarant During 75% Control Period.

Except as otherwise provided in Section 3.4, during the 75% Control Period, the Declarant or Persons appointed by the Declarant may appoint all officers and directors of the Association, and may remove all officers and directors which have been appointed by the Declarant. The Declarant may voluntarily surrender the right to appoint and remove officers and directors of the Association before termination of the 75% Control Period; but, in that event, the Declarant may require, for the duration of the 75% Control Period, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed only by the Declarant, be approved by the Declarant before they become effective.

Section 3.6. Termination of 75% Control Period.

After termination of the 75% Control Period, the Members shall elect a Board of Directors, at least a majority of whom must be Owners other than the Declarant or designated representatives of Owners other than the Declarant. The Board of Directors shall elect the officers.

Section 3.7. General Duties and Powers of Association.

The Association has been formed to further the common interests of the Members. The Association, acting through the Board or Persons to whom the Board has delegated such powers, shall have the duties and powers hereinafter set forth and, in general, the power to do anything that may be necessary or desirable to further the common interests of the Members, to maintain and repair the Common Elements (except as otherwise provided in this Declaration); and to improve and enhance the attractiveness and desirability of the Community.

Section 3.8. Duty to Accept Common Elements and Facilities Transferred by Declarant.

The Association shall accept title to the Common Elements, including any Improvements thereon, transferred to the Association by Declarant or the Master Association, together with the responsibility to operate and maintain and repair such Common Elements and to perform any and all functions associated therewith. Property interests transferred to the Association by Declarant or Master Association and which the Association shall accept may include fee simple interest, easements, leasehold interests and contractual rights or licenses to use property. Any property or interest in property transferred to the Association by Declarant or the Master Association shall, except to the extent otherwise specifically approved by resolution of the Board of Directors, be transferred to the Association free and clear of all liens (other than the lien of property taxes and assessments not then due and payable), but shall be subject to the terms of the Master Association Governing Documents, this Declaration, and any applicable Supplemental Declarations.

Section 3.9. Duty to Manage and Care for Property.

3.9.1. The Association shall maintain and repair all Common Elements, Improvements located thereon, any drainage structure or facilities and any private alleys or roadways, retaining walls and perimeter fences on the Common Elements. Further, the Association may provide such other maintenance and repair as the Board of Directors deems appropriate from time to time, including without limitation publicly-dedicated property and the Improvements located thereon. The costs, expenses, fees and other amounts to be expended for the maintenance and repair provided for in this subsection shall be Common Expenses.

3.9.2. The Association shall also maintain and repair the non-structural portion of the roofs, exteriors, and landscaping on the front yard of the Lots as provided in Section 9.1. The costs, expenses, fees and other amounts to be expended for the maintenance and repair provided for in this subsection shall be Common Expenses. The Association shall maintain the backyard or tracts located behind and adjacent to the Patio Villa Lots, and the costs, expenses, fees and other amounts expended for such back yard or tract maintenance shall be added to the Assessments for the Patio Villa Lots on a pro rata basis based upon the total number of Patio Villa Lots in the Community. The Association shall maintain the private alleys adjacent to the Lots (excluding the Patio Villa Lots) and the cost thereof shall be added to the Assessments for the Lots (excluding the Patio Villa Lots) on a pro rata basis based upon the total number of such Lots in the Community.

3.9.3. The determination of when and the magnitude and the manner of such maintenance and repair shall be determined solely at the discretion of the Board. This Association obligation for regular repair and scheduled replacement does not include reconstruction following casualty, which is covered in Article 7.

3.9.4. Notwithstanding the foregoing, the Association shall have the right, but not the obligation, to delegate its powers and duties under this Section 3.9 and Section 9.1 to a special district or to the Master Association, if such special district or the Master Association so agrees.

3.9.5. Other than the Association duties set out in this Section 3.9 and in Section 9.1, each Owner shall be responsible for the maintenance and repair of such Owner's Lot, including without limitation backyard landscaping (excluding Patio Villa Lots); patios; decks; balconies; doorsteps, stoops, porches, fences and other fixtures; water and sewer service laterals; antennas/dishes and other Improvements on the Lot.

The Board shall have the authority to develop objective criteria for the purpose of defining when exterior maintenance and repair of any Lot or structure within the Community is needed in conformance with Section 9.1. Such criteria may be amended or expanded from time to time, as provided in the Rules and Regulations. In the event that any Owner fails to perform its maintenance and repair obligations in a manner satisfactory to the Association, the Board shall notify such Owner of such failure or that an unsightly condition exists which represents a violation of the Governing Documents. In such notice, the Board shall direct corrective action, to be performed by the Owner within ten (10) days after the date of the notice, or, at the discretion of the Board, a timetable for corrective action to be performed by the Owner as directed by the Board. If the Owner fails to comply with the Board's directives, the Association may pursue its remedies under this Declaration, including without limitation those rights and remedies set out in Section 9.3 hereof.

Section 3.10. Duty to Pay Taxes.

To the extent not assessed with the taxes and assessments for Lots as provided in the Act, the Association shall pay all taxes and assessments levied upon the Common Elements and any other real property owned by the Association and all other taxes and assessments payable by the Association.

Section 3.11. Duty to Prepare Budgets.

The Association shall prepare budgets for the Association as required by and provided for in this Declaration.

Section 3.12. Duty to Maintain Insurance.

The Association shall obtain and keep in full force and effect at all times insurance coverage in accordance with this Declaration and as required by the Agencies.

Section 3.13. Duty to Levy and Collect Assessments.

The Association shall levy and collect Assessments as provided in this Declaration.

Section 3.14. Duty to Provide Annual Report.

The Association shall provide audited financial statements or reviews as may be required by the Act.

Section 3.15. Power to Acquire and Maintain Property and Construct Improvements.

The Association may acquire property or interests in property as additional Common Elements for the common benefit of Owners, including Improvements and personal property. The Association may construct Improvements on property and may demolish existing Improvements. The Association shall have the power to maintain public rights of way if

permitted by Governmental Authority and private rights of way and to perform maintenance and repair work on any portion of the Community as provided in this Declaration, whether or not owned by the Association.

Section 3.16. Power to Adopt Rules and Regulations.

The Association may adopt, amend, repeal and enforce Rules and Regulations as may be deemed necessary or desirable with respect to the interpretation and implementation of this Declaration, the operation of the Association, the use and enjoyment of Common Elements and the use of any other property within the Community, including Lots. Any such Rules and Regulations shall be reasonable and uniformly applied and enforced. Rules and Regulations shall be effective only upon adoption by resolution of the Board of Directors and following the same procedures and rejection rights as for consideration of the Community budget under Section 3.23. Copies of the currently effective Rules and Regulations shall be made available to each Owner. Each Owner shall comply with the Rules and Regulations and shall see that Related Parties of such Owner comply with the Rules and Regulations. The Board of Directors may establish and enforce penalties for the infraction thereof, including, and without limitation, the levying and collecting of fines. The Rules and Regulations shall have the same force and effect as if they were set forth in and were part of this Declaration. However, in the event of a conflict between the Rules and Regulations and the provisions of this Declaration, the provisions of this Declaration shall prevail.

Section 3.17. Power to Enforce Declaration and Governing Documents.

The Association shall have the power to enforce within the Community the provisions of this Declaration and of the other Governing Documents, and shall take such action as the Board deems necessary or desirable to cause compliance by each Owner and the Related Parties of each Owner. Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of this Declaration and of the other Governing Documents, by anyone or more of the following means: (a) by entry upon any property within the Community after Notice and Hearing (unless a bona fide emergency exists in which case no Notice and Hearing shall be required), without liability to the Owner or occupants thereof, for the purpose of enforcement of or causing compliance with this Declaration or the other Governing Documents; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of this Declaration or the other Governing Documents, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of this Declaration or the other Governing Documents; (d) by exclusion, after Notice and Hearing, of any Owner or Related Party of such Owner from use of any Community facilities for a reasonable period as a penalty for any breach of this Declaration or other Governing Documents by a Owner or Related Party; (e) by suspension, after Notice and Hearing, of the voting rights of an Owner during and for up to 60 days following any breach of such Owner or a Related Party or of such Owner of this Declaration or the other Governing Documents, unless the breach is a continuing breach, in which case such suspension shall continue for so long as such breach continues; (f) by levying and collecting, after Notice and Hearing (unless the violation consists of failure to pay any Assessment, in which case Notice and Hearing shall not be required), an Assessment against any Owner for breach by a Owner or Related Party of such Owner of this Declaration or the other Governing Documents; and (g) by levying and collecting, after Notice and Hearing, reasonable

and uniformly applied fines and penalties, established in the other Governing Documents from any Owner, for breach by such Owner or such Owner's Related Party of this Declaration or of the other Governing Documents; provided that no Notice and Hearing shall be required prior to levying fines for parking violations.

Section 3.18. Power to Provide Special Services for Members.

The Association shall have the power to provide services to an Owner or group of Owners. Any service or services to an Owner or group of Owners shall be provided pursuant to an agreement in writing, or through one or more Supplemental Declarations, which shall provide for payment to the Association by such Owner or group of Owners of the costs and expenses which the Association incurs in providing such services, including a fair share of the overhead expenses of the Association, and shall contain provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Owner or group of Owners, and that the payment for such services shall be secured by a lien on the Lot or Lots of the Owner or group of Owners and may be collected as a special Assessment, or, if the written agreement or Supplemental Declaration so provides, in installments as part of the annual Assessments.

Section 3.19. Power to Grant Easements.

The Association shall have the power to grant access, utility, drainage, and any other easements in, on, over or under the Community for any lawful purpose, including without limitation, the provision of emergency services, utilities, telephone, television or other uses or services to some or all of the Owners.

Section 3.20. Power to Convey and Dedicate Property.

The Association, with the approval of the Owners of at least sixty-seven percent (67%) of the Lots in the Community, shall have the power to grant, convey, dedicate or transfer any Common Elements or facilities owned by the Association to any Governmental Authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate, subject to the provisions located elsewhere in this Declaration for approval of the same by the Agencies, by Security Interest Holders and by Declarant.

Section 3.21. Power to Borrow Money and Mortgage Property.

The Association shall have the power to borrow money, and, with the approval of the Owners of at least sixty-seven percent (67%) of the Lots in the Community, to encumber Common Elements as security for such borrowing, subject to provisions located elsewhere in this Declaration with respect to required approvals and consents to such action by Security Interest Holders, and the Agencies.

Section 3.22. Powers as to Trash Collection.

The Association shall have the power to regulate the days and hours during which trash, solid waste and recyclables may be collected or put out for collection in any portion of the Community. The Association shall also have the power to provide services for the collection of trash and solid waste within the Community. The scope of trash removal services that may be provided by the Association may be determined by the Board (e.g., the Board may elect to provide and use Assessments to pay for all regularly scheduled trash pickups, but require each Owner to be

responsible for scheduling, and paying for, any extraordinary trash pick-ups and/or recycling services). Each Owner served by such services shall, whether or not such Owner utilizes the service, be obligated to pay Assessments levied by the Association to cover the cost for providing such function.

Section 3.23. Budget and Review or Audit.

3.23.1. Within ninety (90) days after adoption of any proposed budget for the Community, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Association budget to all the Owners and shall set a date for a meeting of the Owners to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary. The Board of Directors shall give notice to the Owners of the meeting as provided in the Bylaws of the Association. The budget proposed by the Board of Directors does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the noticed meeting by sixty-seven percent (67%) of the votes in the Association, whether or not a quorum is present. In the event that the proposed budget is vetoed, the periodic budget last approved by the Board of Directors and not vetoed by the Owners must be continued until such time as a subsequent budget proposed by the Board of Directors is not vetoed by the Owners.

3.23.2. At the discretion of the Board of Directors or as required pursuant to subsections 3.23.2.1 or 3.23.2.2 below, the Association's books and records shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified Person selected by the Board of Directors. Such Person need not be a certified public accountant except in the case of an audit. A Person selected to conduct a review shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level, or bona fide home study. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting.

3.23.2.1. An audit shall be required only when both of the following conditions are met:

(i) The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars ($250,000); and

(ii) An audit is requested by the Owners of at least one-third (1/3) of the Lots represented by the Association.

3.23.2.2. A review shall be required only when requested by the Owners of at least one-third (1/3) of the Lots represented by the Association.

3.23.2.3. Copies of an audit or review under this subsection 3.23.2 shall be made available upon request to any Owner beginning no later than thirty (30) days after its completion.

3.23.3. In the event the Act is amended to remove, modify, or otherwise revise the requirements under this Section 3.23 of this Declaration, Section 3.23 shall be deemed amended to require only that which is required pursuant to the Act, as amended.

Section 3.24. Association Books and Records.

3.24.1. Except as otherwise provided in subsection 3.24.2 below, the Association shall make reasonably available for inspection and copying by Owners, Security Interest Holders, and insurers or guarantors of any such Security Interest, current copies of all of the Governing Documents, financial documents and all other documents described in Section 38-33.3-317 of the Act. The Person(s) accessing and/or copying such documents shall pay all costs associated therewith. "Reasonably available" shall mean available during normal business hours, upon prior notice of at least ten (10) business days, or at the next regularly scheduled meeting if such meeting occurs within thirty (30) days after the request.

3.24.2. Notwithstanding subsection 3.24.1, a membership list or any part thereof may not be obtained or used by any Person for any purpose unrelated to an Owner's interest as an Owner without the consent of the Board of Directors. Without limiting the generality of the foregoing, without the consent of the Board of Directors, a membership list or any part thereof may not be:

3.24.2.1. Used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;

3.24.2.2. Used for any commercial purpose; or

3.24.2.3. Sold to or purchased by any Person.

3.24.3. The information described in this Section 3.24 shall be provided to the Owners by the Association either by (a) posting such information on an internet website with notice of the URL for such website delivered to the Owners by electronic mail or first-class mail; (b) placing such information on a literature table or in a binder in the Association's main office; (c) mail or personal delivery; or (d) such other method as may be permitted under the Act. In the event the Act is amended to remove, modify, or otherwise revise the requirements under this Section 3.24 of this Declaration, Section 3.24 shall be deemed amended to require only that which is required pursuant to the Act, as amended.

Section 3.25. Management Agreements and Other Contracts.

The Association shall have the power to retain and pay for the services of a managing agent to undertake any of the management or functions for which the Association has responsibility under this Declaration to the extent deemed advisable by the Association, and may delegate any of its duties, powers or functions to the managing agent. Any agreement for professional management of the Association's business or other contracts providing for the services of the Declarant shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereof, with or without cause and without payment of a termination fee, upon not more than ninety (90) days' prior written notice; provided, however, that any such

management agreement(s) entered into by the Association with a manager or managing agent prior to termination of the 75% Control Period shall be subject to review and approval by the Agencies, if at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one or more Security Interests (and if HUD or VA requires such approval).

Section 3.26. Merger.

The Declarant hereby reserves the right to merge the Association with one or more other common interest communities without the approval of any Owner or any other Person. This right shall terminate as provided in Section 1.37 of this Declaration.

Section 3.27. Notice of Meetings and Other Matters of the Association.

Notices of any meetings, news letters and other correspondence or documents concerning the Association shall be sent to the Declarant at the same time that such notices, news letters, and other correspondence or documents are sent to the Owners. However, the foregoing shall terminate as provided in Section 1.37 of this Declaration.

ARTICLE 4. ASSESSMENTS

Section 4.1. Personal Obligation for Assessments.

Each Owner of a Lot, including the Declarant and each Builder, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees and shall be personally obligated to pay to the Association: annual Assessments or charges, special Assessments, and other charges, fines, fees, interest, late charges, and other amounts, all as provided in this Declaration; with such Assessments and other amounts to be established and collected as hereinafter provided. The obligation for such payments by each Owner to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand (except as otherwise expressly provided in this Declaration), and without set-off or deduction. All Owners of each Lot shall be jointly and severally liable to the Association for the payment of all Assessments, fees, charges and other amounts attributable to their Lot. Each amount, together with interest, late charges, costs, and reasonable attorneys' fees, shall also be the personal obligation of all Person(s) who were an Owner of such Lot at the time when the amount became due. The personal obligation for delinquent amounts (including Assessments) shall not pass to such Owner's successors in title unless expressly assumed by them.

Section 4.2. Purpose of Assessments.

The Assessments levied by the Association shall be used to promote the recreation, health and welfare of the residents of the Lots, and for all of those purposes and activities which may be required of the Association, or the Board of Directors, or which the Association or the Board of Directors may be empowered to pursue, as provided in any of the Governing Documents or law.

Section 4.3. Initial Annual Assessment.

Until the effective date of an Association budget proposed by the Board of Directors and not vetoed by the Owners, as provided herein, the amount of the annual Assessment against each Lot shall not exceed Two Hundred and 00/100 Dollars ($200.00) per Lot per month, exclusive of any amounts due to the Master Association, any other community association, or any district. However, the rate of the Assessments against the Initially Unoccupied Lots shall be less than that against the other Lots, as provided in the next Section.

Section 4.4. Rate of Assessment.

4.4.1. Annual and special Assessments shall be sufficient to meet the expected needs of the Association and shall be apportioned among the Lots in accordance with their Allocated Interests. Notwithstanding the foregoing, however, the amount of the annual and special Assessments against the Initially Unoccupied Lots shall be set at a lower rate than the rate of annual Assessments and special Assessments against other Lots, because the Initially Unoccupied Lots receive and benefit from fewer services funded by such Assessments than the other Lots. Colorado Revised Statutes §38-33.3-315(3)(b) states that "Any common expense or portion thereof benefiting fewer than all of the units shall be assessed exclusively against the units benefited." Based on this provision, the Initially Unoccupied Lots shall pay annual and special Assessments at the rate of twenty-five percent (25%) of any annual Assessment or special Assessment charged to Lots other than the Initially Unoccupied Lots.

4.4.2. The annual Assessments shall include an adequate reserve fund for the maintenance, repair and replacement of those items that must be maintained, repaired or replaced by the Association on a periodic basis.

Section 4.5. Date of Commencement of Annual Assessments.

The annual Assessments shall commence at such time as the Board of Directors may determine in its discretion. After any annual Assessment has been made by the Association, annual Assessments shall not be greater than the amount set forth in Section 4.3 until a budget is proposed by the Board of Directors and not vetoed by the Owners, as provided in this Declaration. The annual Assessments shall be due and payable in monthly installments, in advance, or on such other dates, and with such frequency (which may be other than monthly, but not less frequently than annually), as the Board of Directors determines in its discretion from time to time, provided that the first annual Assessment shall be adjusted to reflect the time remaining in the first Association fiscal year. Any Owner purchasing a Lot between installment due dates shall pay a pro rata share of the last payment due.

Section 4.6. Special Assessments.

In addition to the annual Assessments authorized in this Article, the Board of Directors may levy, in any fiscal year, with the approval of sixty-seven percent (67%) of a quorum of the Association as provided in Section 4.7, at a meeting duly called for this purpose, a special Assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, repair or replacement of a capital improvement upon any portion of real property for which the Association has repair and/or replacement obligations, including fixtures and personal property related thereto, or for repair or reconstruction of any damaged or destroyed Improvements, or for the funding of any expense or deficit of the Association. Any such special Assessment shall be set against each Lot in accordance with the Allocated Interests set forth in this Declaration, except that the special Assessments against Initially Unoccupied Lots shall be set in accordance with Section 4.4.1 hereof. A meeting of the Members called for the purpose approving a special Assessment shall be held in conformance with Section 4.7.

Section 4.7. Notice and Quorum for Any Special Assessments.

Written notice of any meeting called for the purpose of taking any action authorized under Section 4.6 shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the Association votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 4.8. Association Funding by Declarant.

The Declarant may, but shall not be required to, cover certain costs of the Association by payment of any amount(s), which shall constitute loans from the Declarant to the Association, with such loan(s) to be repaid by the Association to the Declarant, without interest, at such time(s) as may be determined by the Declarant; provided, however, that at all times all amounts advanced by the Declarant to the Association which have not been repaid to the Declarant prior to such time shall constitute advances against amounts due from the Declarant (including Assessments). If the Declarant elects to loan any amounts as provided in this subsection, Declarant shall not, under any circumstances, be obligated to continue loans, payment or funding of any amount(s) in the future.

Section 4.9. Assessments/Charges for Services to the Master Association, Any Other Community Associations and/or Separate Areas of the Community.

The Association may, at any time from time to time, provide services to the Master Association, any other community associations and/or districts and/or to any area(s) (containing less than all of the Lots) in the Community. If such services are not funded by the annual Assessments or special Assessments, then such services shall be provided, if at all, pursuant to a written document, with such document to include a statement and terms for payment of the costs, fees and expenses of the Association. Services which may be provided by the Association pursuant to this Section include, without limitation, (a) the construction, operation, management, maintenance, repair, replacement, reconstruction and renovation of Improvements or property owned by such Owner(s); (b) the provision of any services or functions to such area, such as trash removal; (c) the enforcement of the provisions of the Master Declaration, any Supplemental Declaration, or any other document or agreement for, on behalf of, and in the name of the applicable Owners: (d) the collection of Assessments for, in the name of, and on behalf of the Master Association; (e) the payment of taxes or other amounts for Owners with funds provided by such Owners; or (f) the procurement of insurance.

Section 4.10. Lien for Assessments.

4.10.1. The Association has a lien on each Lot for any amount levied against that Lot or the Owner(s) thereof, including for fines imposed against the Lot's Owner(s). Fees, charges, late charges, attorney fees, fines and interest charged pursuant to this Declaration are enforceable as Assessments under this Article. The amount of the lien shall include all those items set forth in this Section from the time such items become due. If an Assessment is payable in installments, each installment

is a lien from the time it becomes due, including the due date set by any valid Association acceleration of installment obligations.

4.10.2. Recording of this Declaration constitutes record notice and perfection of the lien. No further recordation of any claim of lien for Assessments is required. However, the Board of Directors or managing agent of the Association may prepare, and record in the county in which the applicable Lot is located, a written notice setting forth the amount of the unpaid indebtedness, the name of the Owner(s) of the Lot, and a description of the Lot. If a lien is filed, the costs and expenses thereof shall be added to the Assessments for the Lot against which it is filed and collected as part and parcel thereof. The Association's lien may be foreclosed in like manner as a mortgage on real estate.

Section 4.11. Priority of Association Lien.

4.11.1. A lien under this Article 4 is prior to all other liens and encumbrances on a Lot except:

4.11.1.1. liens and encumbrances recorded before the recordation of the Declaration;

4.11.1.2. a Security Interest on the Lot which has priority over all other Security Interests on the Lot and which was recorded before the date on which the amount(s) due to the Association became delinquent; and

4.11.1.3. liens for real estate taxes and other governmental assessments or charges against the Lot.

4.11.2. A lien under this Section is also prior to the Security Interests described in the preceding subsection 4.11.1.2 to the extent, if any, provided in the Act.

4.11.3. This Section does not affect the priority of mechanics' or materialmen's liens or the priority of liens for other amounts made by the Association.

4.11.4. The Association's lien on a Lot for Assessments and other amounts shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Colorado and any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said Association lien.

Section 4.12. Certificate of Status of Assessments.

The Association shall furnish to an Owner or such Owner's designee or to a Security Interest Holder or its designee, upon written request delivered to the Association's registered agent, a written statement setting forth the amount of unpaid Assessments, if any, currently levied against such Owner's Lot. The statement shall be furnished after written request within such times as required by law, and is binding on the Association, the Board of Directors, and every Owner. The Association or its agents shall have the right to charge a reasonable fee for the issuance of such certificates.

Section 4.13. Application of Payments; Effect of Non-Payment of Assessments; Remedies of the Association.

4.13.1. Application of payments received by the Association for payment of amounts due to the Association by Owners, shall be applied first to the payment of attorneys fees, fines, late charges and any other amounts (other than annual Assessments or special Assessments) due to the Association, in the order listed, if any; second to the payment of accrued interest at the rate specified in subsection 4.13.2 below, if any; and third to the payment of annual Assessments and special Assessments due to the Association.

4.13.2. Any Assessment not paid within ten (10) days after the due date thereof shall bear interest from the due date at the rate of fifteen percent (15%) per annum, or at such lesser rate as may be set from time to time by the Board of Directors, and the Board of Directors may assess thereon a periodic late charge in such amount and for such period(s) as the Board of Directors may determine. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Owner's Lot, or pursue such action and foreclosure simultaneously. If a judgment or decree is obtained including, without limitation, in a foreclosure action, such judgment or decree shall include interest (as provided above) and reasonable attorney's fees, together with the costs of the Action, and may include late charges as above provided. No Owner may be exempt from liability for payment of any Assessment by waiver of the use or enjoyment of any of the Common Elements or by abandonment of the Lot against which the Assessments are made, or because of dissatisfaction with the Association or its performance. This Article does not prohibit actions or suits to recover sums for which this Declaration creates a lien, nor does this Article prohibit the Association from taking a deed in lieu of foreclosure.

Section 4.14. Surplus Funds.

Any surplus funds of the Association remaining after payment of or provision for Association expenses and any prepayment of or provision for reserves, shall be retained by the Association and need not be paid to the Owners or credited to them.

Section 4.15. Working Capital Fund.

The Association shall require the first Owner (other than the Declarant or a Builder) of any Lot who purchases that Lot from the Declarant or a Builder, to make a non-refundable contribution to the Association in an amount equal to two (2) months of the annual Assessments (regardless of whether or not annual Assessments have commenced as provided in Section 4.5 of this Declaration). Said contribution shall be collected and transferred to the Association at the time of closing of the sale by Declarant or a Builder of each Lot and shall be for the use and benefit of the Association, including, without limitation, to meet expenditures or to purchase equipment, property or services. Such contribution to the working capital fund shall not relieve an Owner from making regular payments of Assessments as the same become due.

Section 4.16. Other Charges.

The Association may levy and assess charges, costs and fees for matters such as, but not limited to, the following, in such amounts(s) as the Board of Directors may determine, including reimbursement of charges that are made to the Association by its managing agent or other Person: copying of Association or other documents; returned checks; telefaxes; long distance telephone calls; transfer charges or fees upon transfer of ownership of a Lot; reasonable attorneys' fees, notices and demand letters; and other costs, expenses or charges incurred by the Association for or on behalf of any Owner(s). All such charges, costs and fees shall be in addition to the Assessments levied by the Association, but shall be subject to all of the Association's rights with respect to the collection and enforcement of Assessments.

Section 4.17. Charges for Misconduct.

If any Association expense is caused by the misconduct of any Owner, Related Parties of the Owner or invitees, the Association may assess that Association expense against such Owner and his Lot.

ARTICLE 5. DESIGN REVIEW COMMITTEE

Section 5.1. Composition of Committee; Authority of Representative.

5.1.1. The Design Review Committee shall consist of one (1) or more Persons and such Persons may be member(s) of the Board of Directors. Until termination of the Special Declarant Rights as provided in Section 1.37 of this Declaration, the Declarant has the right to appoint the Design Review Committee; subsequent to such date, the Design Review Committee shall be appointed by the Board of Directors. The power to "appoint" the Design Review Committee, as provided herein, shall include without limitation the power to: constitute the initial members of the Design Review Committee; appoint member(s) to the Design Review Committee on the occurrence of any vacancy therein, for whatever reason; and remove any member of the Design Review Committee, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the appointor. The appointments of all then-current members of the Committee who were appointed by the Declarant shall terminate at such time as the Declarant's power to appoint members of the Committee expires as provided in Section 1.37. The members of the Design Review Committee shall not be "officers" of the Association solely as a result of their membership on the Committee and thus, solely as a result of such membership on the Committee, shall not have any of the rights or duties attributable to officers of the Association.

5.1.2. The Committee may at any time, from time to time, appoint a representative to act on its behalf. If the Committee does so, then the actions of such representative shall be the actions of the Committee, subject to the right of appeal as provided below. However, if such a representative is appointed by the Committee, then the Committee shall have full power over such representative, including without limitation the power to at any time withdraw from such representative any of such

representative's authority to act on behalf of the Committee and the power to at any time remove or replace such representative.

Section 5.2. Review and Approval by Committee; Reimbursement for Expenses; Requirement for Approval by Governmental Entities.

5.2.1. Except as provided in Sections 5.9 and 5.13 of this Declaration, no Improvements shall be constructed, erected, placed, planted, applied or installed upon any Lot unless complete plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, plotted horizontally and vertically, location and size of driveways, location, size, and type of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Design Review Committee), shall have been first submitted to and approved by the Design Review Committee.

5.2.2. The Design Review Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures.

5.2.3. In its review of such plans, specifications and other materials and information, the Design Review Committee may require that the applicant(s) reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. Such amounts, if any, shall be levied in addition to the Assessments against the Lot for which the request for Design Review Committee approval was made, but shall be subject to the Association's lien for Assessments and subject to all other rights of the Association for the collection of Assessments, as more fully provided in this Declaration.

5.2.4. In addition to the required approvals by the Design Review Committee as provided in this Article, the construction, erection, addition, deletion, change or installation of any Improvement shall also require the applicant to obtain the approval of all governmental entities with jurisdiction thereover, and issuance of all required permits, licenses and approvals by all such entities. Without limiting the generality of the preceding sentence, issuance of building permit(s) by the City of Lafayette, Colorado, if required, shall be a precondition to commencement of construction of, alteration of, addition to or change in any Improvement.

Section 5.3. Delegation (and Acceptance) of Design Review and Approval.

5.3.1. The Declarant, during the time when the Declarant has the right to appoint the Design Review Committee, and the Board thereafter, may delegate any or all design review and/or approval functions pursuant to this Declaration to any other architectural/design review committee, and may accept from any architectural/design review committee(s) delegation of any or all review and/or approval functions of such architectural/design review committee(s). The Committee shall also have the right and authority to otherwise cooperate with any architectural/design review committee in order to increase consistency or coordination, reduce costs, or as may otherwise be

deemed appropriate or beneficial by the Declarant or by the Board of Directors, as applicable, in their discretion from time to time.

5.3.2. The party with the right to appoint the Design Review Committee may, at any time, determine to reclaim the delegated rights. In order to reclaim the delegated rights, written notice must be given to the governing body of the entity to whom delegation was made, that such right is being reclaimed, and the reclamation shall be effective upon receipt of the notice by the governing body of the entity to whom delegation was made. No delegation of design review and/or approval shall constitute a waiver of the Association's right of design review and/or approval as provided in this Declaration.

5.3.3. The rights and duties under this Article may be delegated with conditions and restrictions that the entity accepting the delegation must follow.

Section 5.4. Procedures.

The Design Review Committee shall decide each request for approval within forty-five (45) days after the complete submission of all plans, specifications and other materials and information which the Committee may require in conjunction therewith. If the Design Review Committee fails to decide any request within forty-five (45) days after the complete submission of all plans, specifications, materials and other information with respect thereto, then such request shall be deemed to have been denied by the Committee.

Section 5.5. Vote and Appeal.

A majority vote of the Design Review Committee is required to approve a request for approval pursuant to this Article, unless the Committee has appointed a representative to act for it, in which case the decision of such representative shall control. In the event a representative acting on behalf of the Design Review Committee decides a request for approval which is adverse to the applicant, then the applicant shall have the right to an appeal of such decision to the full Committee, upon a written request therefor submitted to the Committee within ten (10) days after such decision by the Committee's representative. The decision of the Committee shall be final. No additional or further appeals are permitted, nor will any be recognized.

Section 5.6. Prosecution of Work After Approval.

After approval of any proposed Improvement by the Design Review Committee, the proposed Improvement shall be accomplished as promptly and diligently as possible and in complete conformity with the terms and conditions of the approval. Failure to complete the proposed Improvement within one (1) year after the date of approval of the application, or to complete the Improvement in complete conformance with the terms and conditions of the approval, shall constitute noncompliance with the requirements for approval issued by the Design Review Committee and a violation of this Article; provided, however, that the Design Review Committee may, in its discretion, grant extensions of time for completion of any proposed Improvement(s).

Section 5.7. Inspection of Work.

The Design Review Committee or its duly authorized representative shall have the right to inspect any Improvement prior to, during or after completion of the same, in order to determine whether or not the proposed Improvement is being completed or has been completed in compliance

with this Article and any approval therefor granted by the Committee. However, unless the Committee expressly states, in a written document, that an Improvement is being completed or has been completed in conformance with the approval therefor, no such conformance shall be inferred from any inspection of the Improvement either during the work or after completion thereof.

Section 5.8. Standards/Guidelines.

The Design Review Committee, with the advice of the Board of Directors, has the authority, at any time from time to time, to enact, issue, promulgate, modify, amend, repeal, re-enact, and enforce architectural or design standards, guidelines, rules and regulations to interpret and implement the provisions of this Declaration. Without limiting the generality of the foregoing, such provisions may contain guidelines to clarify the types of designs and materials that may be considered in design approval, may state requirements for submissions in order to obtain review by the Design Review Committee, may state procedural requirements, may specify acceptable Improvement(s), and may contain architectural standards and design guidelines that are different for different types of dwelling units. In addition, such provisions may provide for blanket approvals, interpretations or restrictions on Improvements. All Improvements proposed to be constructed, and any guidelines that are adopted, shall be done and used in accordance with this Declaration.

Section 5.9. Variance.

The Design Review Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article or Article 12 of this Declaration, in order to overcome practical difficulties or prevent unnecessary hardships. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or Improvements in the Community, and shall not militate against the general intent and purpose hereof.

Section 5.10. Waivers; No Precedent.

The approval or consent of the Design Review Committee, or any representative thereof, to any application for approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Design Review Committee or any representative thereof, as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required. Nor shall any such approval or consent be deemed to constitute a precedent as to any other matter. The granting or denial of a variance or adjustment by the Design Review Committee, or any representative thereof, shall not be deemed to constitute a waiver of any right to grant or deny any other or future variance or adjustment by the Design Review Committee or any representative thereof, as to any other request for variance or adjustment.

Section 5.11. Records.

The Design Review Committee shall, for such period(s) as the Board may determine in its discretion from time to time, maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall, subject to the provisions of Section 3.24 of this Declaration, be available to Members for inspection at reasonable hours of the business day.

Section 5.12. Liability.

Neither the Design Review Committee nor any members or representatives thereof, shall be liable in equity or damages to any Person submitting requests for approval or to any Owner or other

Person by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter under this Article 5. In reviewing any matter or inspecting any work, neither the Design Review Committee, nor any members or representatives thereof, shall be responsible for the safety, whether structural or otherwise, of any Improvement(s), nor the conformance with applicable building codes or other governmental laws or regulations, nor any other matters, and any approval of an Improvement by the Design Review Committee or any representative thereof shall not be deemed an approval of any of the same. No Member or other Person shall be a third party beneficiary of any obligation imposed upon, rights accorded to, action taken by, or approval or disapproval granted by the Design Review Committee or any representative thereof.

Section 5.13. Declarant's and Builder's Exemption.

Notwithstanding anything to the contrary contained in this Declaration, until termination of the Special Declarant Rights as provided in Section 1.37 hereof, the Declarant, or any Builder who has received design approval from the Declarant, shall be exempt from the provisions of this Article, except for the requirement to obtain approval from all governmental entities with jurisdiction thereover (as provided in Section 5.2.4 hereof).

ARTICLE 6. INSURANCE

Section 6.1. Insurance.

The Association shall maintain insurance in connection with the Common Elements. The Association shall maintain insurance as required by applicable law or applicable regulation, including without limitation the Act, which insurance shall include, without limitation, property insurance and commercial general liability insurance. In addition, the Association may maintain insurance against such other risks as the Board of Directors may elect from time to time, including, but not limited to, fidelity coverage, workers compensation insurance, and personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors or officers on behalf of the Association, as well as insurance on such other property and/or against such other risks as the Board of Directors may elect in its discretion from time to time.

Section 6.2. Insurance on Structures on Lots.

In addition to insurance in connection with the Common Elements as provided in the preceding subsection, the Board of Directors or its agent shall obtain and maintain a policy of property insurance covering the exterior surfaces, such as siding, and non-structural portions of the roof, but not exterior structural components of any home constructed on a Lot, and shall exclude the structural components, glass, roof trusses, rafters and other structural components of the roof, interior of any home, land, excavations, foundations and other matters normally excluded from property policies, in an amount not less than that necessary to comply with any co-insurance percentage stipulated in the insurance policy. Said policy shall contain a "Replacement Cost Endorsement" providing that any claim will be settled on a full replacement cost basis without deduction for depreciation, an "Inflation Guard Endorsement," an "Agreed Amount Endorsement," and may include other endorsement(s) as may be determined by the Board of Directors. Such insurance shall afford protection against at least the following:

6.2.1. loss or damage by fire, hail, storm and other perils normally covered by the standard extended coverage endorsement; and

6.2.2. such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "All Risk" endorsement, where such is available.

Section 6.3. General Provisions of Insurance Policies.

All policies of insurance carried by the Association shall comply with this Section. All policies of insurance carried by the Association shall be carried in blanket policy form naming the Association as insured, or its designee as trustee and attorney-in-fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any Owner's membership in the Association. The policy or policies shall contain a standard non-contributory Security Interest Holder's clause in favor of each Security Interest Holder and a provision that it cannot be canceled or materially altered by either the insured or the insurance company until at least thirty (30) days' prior written notice thereof is given to the insured and each Security Interest Holder, insurer or guarantor of a Security Interest on the Lot insured by such insurance policy. The Association shall furnish a certified copy or duplicate original of such policy or renewal thereof, with proof of premium payment and a certificate identifying the interest of the Owner in question, to any party in interest, including Security Interest Holders, upon request. All policies of insurance carried by the Association shall also contain waivers of subrogation by the insurer against any Owner or member of such Owner's household. Further, all policies of insurance carried by the Association shall contain waivers of any defense based on invalidity arising from any acts or neglect of an Owner where such Owner is not under the control of the Association.

Section 6.4. Deductibles.

The Association may adopt and establish written non-discriminatory rules and regulations or policies and procedures relating to the responsibility for deductibles. Any loss, or any portion thereof, which falls within the deductible portion of a policy that is carried by the Association may, at the election of the Board of Directors in its discretion: be borne by the Person who is responsible for the repair and maintenance of the property which is damaged or destroyed; be apportioned among the Persons sharing in a joint duty of repair and maintenance; and/or be partly or wholly borne by the Association and/or any such Person(s). Notwithstanding the foregoing, after notice and hearing, the Association may determine that a loss, either in the form of a deductible to be paid by the Association or an uninsured loss, resulted from the Act or negligence of one or more Owners. Upon said determination by the Association, any such loss or portion thereof may be assessed to the Owner(s) in question and the Association may collect such amounts from said Owners in the same manner as any Assessment.

Section 6.5. Payment of Insurance Proceeds.

Any loss covered by an insurance policy described in Section 6.1 of this Declaration must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any Security Interest Holder. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Association, Owners and Security Interest Holders as their interests may appear. However, subject to Section 7.1 of this Declaration, the proceeds must be disbursed first for the

repair, restoration or replacement of the damaged property; and the Association, Owners and Security Interest Holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired, restored or replaced and any budget or reserve deficit funded, or unless the Community is terminated.

Section 6.6. Insurance to be Maintained by Owners.

AN INSURANCE POLICY ISSUED TO THE ASSOCIATION DOES NOT ELIMINATE THE NEED FOR OWNERS TO OBTAIN INSURANCE FOR THEIR OWN BENEFIT. INSURANCE COVERAGE ON EACH OWNER'S LOT AND THE IMPROVEMENTS THEREON INCLUDING WINDOWS, GLASS, DOORS, BALCONIES, DECKS, PATIOS, FOUNDATION, STRUCTURAL ROOF COMPONENTS AND STRUCTURAL COMPONENTS, AS WELL AS ON PERSONAL PROPERTY, CARPETING, FLOOR COVERINGS, APPLIANCES AND FURNISHINGS BELONGING TO AN OWNER, AND PUBLIC LIABILITY INSURANCE COVERAGE ON EACH LOT, SHALL BE THE RESPONSIBILITY OF THE OWNER OF SUCH LOT. EACH LOT SHALL BE INSURED IN AN AMOUNT NOT LESS THAN THE FULL REPLACEMENT VALUE OF THE IMPROVEMENTS THEREON.

Section 6.7. Association Insurance as Primary Coverage.

If at the time of any loss under any policy which is in the name of the Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Association policy, such Association policy shall be primary insurance not contributing with any of such other insurance. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of policies of insurance of an Owner, and the Association may collect the amount from said Owner in the same manner as any Assessment. Any such Owner's policy shall also contain waivers of subrogation.

Section 6.8. Acceptable Insurance Companies.

Each insurance policy purchased by the Association or an Owner must be written by an insurance carrier which is authorized by law to do business in the State of Colorado. No insurance policy shall be obtained where: (a) under the terms of the insurance company's charter, bylaws, or policy, contributions or assessments may be made against the mortgagor or mortgagee's designee; or (b) under the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members; or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent mortgagees or any Owner from collecting insurance proceeds.

ARTICLE 7. DAMAGE OR DESTRUCTION

Section 7.1. Damage or Destruction.

7.1.1. Any portion of the Community for which casualty insurance is required to be carried by the Association under this Declaration which is damaged or destroyed must be repaired or replaced promptly by the Association except as otherwise permitted by the Act.

7.1.2. The cost of repair or replacement that is covered by insurance carried by the Association, but which is in excess of insurance proceeds and reserves is an Association expense. If the entire Community is not repaired or replaced, the insurance proceeds attributable thereto must be used to restore the damaged area to a condition compatible with the remainder of the Community and, except to the extent that other Persons will be distributees, the remainder of the proceeds must be distributed to the Owners and/or lienholders, as their interests may appear, in proportion to the Allocated Interests of the Lots.

Section 7.2. Lots.

Except as otherwise permitted by the Act, any damage to or destruction of any structure located on a Lot shall be promptly repaired and reconstructed by the Owner(s) thereof in accordance with this Declaration. "Repaired and reconstructed," as used in this Section, shall mean restoring the structure to substantially the same condition in which it existed immediately prior to such damage or destruction, including having the same boundaries as before. If the Owner(s) of a Lot does not commence repair or reconstruction activities, as provided above, and diligently pursue the same in conformance with the approval of the Design Review Committee, then the Association may, in its reasonable discretion, after providing the notice required in Section 9.3 of this Declaration, unless the same is an emergency, enter upon the Lot and complete such repair or reconstruction. Except as otherwise provided in this Declaration, the cost of such repair or replacement shall be the personal obligation of the Owner(s) of the Lot on which such work was performed, and shall be subject to the terms and provisions of Article 4 of this Declaration.

ARTICLE 8. Pparty WALLS

Section 8.1. General Rules of Law to Apply.

To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to Party Walls within the Community.

Section 8.2. Sharing of Repair and Maintenance.

The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owner of the two Lots on either side of the Party Wall, except as otherwise provided in this Declaration; provided, however, that the cost of repair and replacement of the finished surface of a Party Wall that is located within a residence shall be at the sole cost and expense of the Owner of the Lot on which such residence is located.

Section 8.3. Destruction by Fire or Other Casualty.

If a Party Wall is destroyed or damaged by fire or other casualty, any Owner of a Lot on which such Party Wall is or was located may restore it. Except as otherwise provided in this Declaration, Owners of the two Lots that share such Party Wall shall share equally the costs and expenses of such restoration. Without limiting the generality of the foregoing, any Owner may call for a larger contribution from one or more others under any rule of law regarding liability for negligent or will acts or omissions.

Section 8.4. Repair to Monolithic Slabs and Monolithic Foundations.

If any monolithic slab requires repair, the entire monolithic foundation shall be involved in the repair process. The Owners and occupants of each of the two Lots on which such monolithic foundation is located shall cooperate regarding repairs to such foundation.

Section 8.5. Weatherproofing.

Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes a Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 8.6. Right to Contribution Runs with Land.

The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to and run with the land and shall pass to such Owner's successors in title to the Lot to which such Owner's membership pertains.

Section 8.7. Right of Owners.

The Owners of each Lot with a Party Wall shall have the following rights:

8.7.1. A perpetual and reciprocal easement in and to that part of the adjacent Lot on which such Party Wall is located, for Party Wall purposes only, including mutual support, maintenance, repair and inspection. For the purposes of repairing or maintaining a Party Wall, the Owners of each Lot with a Party Wall are granted the right to enter onto the adjacent Lot which has the same Party Wall and to go inside any residence or other Improvements thereon to do work necessary in the exercise of rights provided herein at all reasonable times after reasonable notice to the occupants of such adjacent Lot, or immediately in the event of an emergency.

8.7.2. After reasonable notice to the occupants of the adjacent Lot on which a Party Wall is located, the Owner of a Lot which has such Party Wall thereon shall have the right to enter an appurtenant Party Wall for the purposes of repairing or restoring sewer, water, or other utilities located within such Party Wall, subject to the obligation to restore such Party Wall to its previous structural condition at the sole cost and expense of the Owner who effectuates such entry.

Section 8.8. Arbitration.

In the event of any dispute arising concerning a Party Wall, under the provisions of this Article, such dispute shall be resolved as follows unless such dispute is subject to Article 14 of this Declaration: each party shall choose on arbitrator, and such arbitrators shall choose on additional arbitrator, and the decision shall be by a majority of all the arbitrators. Should any party fail or refuse to appoint an arbitrator within ten (10) days after written request therefor by the Owner with whom such party shares a Party Wall, the Board shall select an arbitrator for the refusing party. The parties to the arbitration shall share the costs thereof, but each party shall pay its own attorneys' fees.

ARTICLE 9. EXTERIOR MAINTENANCE

Section 9.1. General.

9.1.1. Maintenance, repair and replacement of all Common Elements, Improvements located thereon (including retaining walls), and of any drainage structure or facilities, or other public Improvements required by the local governmental entity as a condition of development of the Community or any part thereof, shall be the responsibility of the Association, unless such Improvements have been dedicated to and accepted by the local governmental entity for the purpose of maintenance, repair or replacement or unless such maintenance, repair or replacement has been authorized to be performed by a special district or other municipal or quasi-municipal entity. In addition, the Association shall provide maintenance, repair and replacement of perimeter fences around the Community, or any portion thereof. Finally, the Association may provide such other maintenance, repair and replacement as the Board of Directors determines, including publicly-dedicated property and Improvements located thereon.

9.1.2. The Association shall provide maintenance, repair and replacement of the exterior surfaces (but not structural components) of the dwelling unit located on each Lot, as follows (to the extent that such are applicable): paint or stain, repair, replacement and maintenance of roofs, gutters, downspouts, and exterior building surfaces; provided, however, that such painting or staining, repair, replacement and maintenance shall not include exterior doors and garage doors, except painting or staining, and shall also not include air conditioning compressors, improvements enclosed inside a fence or other structure, foundations, roof structural components (such as trusses and rafters), exterior light fixtures attached to a structures, windows or window accents, or other glass surfaces.

9.1.3. The Association shall provide maintenance, repair and replacement of landscaping of the front yard of each Lot, and the back yard (or adjacent landscaped tract) of each Patio Villa Lot (with such costs assessed only against the Patio Villa Lots as provided in 3.9.2). Such maintenance, repair and replacement of front-yard (and back yard or adjacent tracts as to Patio Villa Lots) landscaping shall include, without limitation, mowing of grass, pulling of weeds from mulch or rock areas, pruning of shrubs and trees, and the right to use pesticides, herbicides and insecticides, or similar chemicals, on the landscaping on one or more Lots after advance notice to the Owner of each such Lot. Owners shall not have any right to change the timing or extent of the maintenance, repair and replacement of such landscaping. The Association shall provide maintenance, repair and replacement of any perimeter fence and side or wing fence installed by Declarant or a Builder. Each Owner of a Lot (excluding the Patio Villa Lots) shall be responsible for the irrigation and watering of the back yard portion of its Lot and the cost thereof.

9.1.4. The Association shall provide snow removal from the driveway of each Lot and from sidewalks, but not from any porch or from any patio. In addition, the Association will remove snow from any private alleys adjacent to the Lots;

provided, however, that the cost of the private alley snow removal will be assessed only against such Lots adjacent to the private alleys.

9.1.5. The extent, degree and timing of maintenance, repair and/or replacement, shall be determined by the Board of Directors, or its designated representative. In no event shall the Association be responsible for removal of, or damage caused to any Person or property by, ice or the build-up of ice.

9.1.6. The costs to be expended for the maintenance, repair and replacement performed by the Association under this Section 9.1 shall, subject to Section 9.5 of this Declaration, be collected and enforced by the Association as Assessments as provided in Article 4 of this Declaration. Except as provided in subsections 9.1.1 through 9.1.5 above, and subject to the provisions of Section 9.5, the maintenance, repair and replacement of each Lot, and the Improvements thereon, shall be performed by the Owner(s) thereof at such Owner's sole cost and expense.

Section 9.2. Changed or Added Improvements.

Any Improvement which has been changed, altered or modified with consent of the Design Review Committee by or for an Owner or occupant of a Lot shall be maintained, repaired and replaced by such Owner to the extent of the change, alteration or modification. If the Improvement is newly constructed, erected, placed, planted, applied or installed by an Owner or occupant of a Lot after conveyance of such Lot by Declarant or a Builder, then the entirety of such Improvement shall be maintained, repaired and replaced by, the Owner of such Lot. However, the Board may at any time, by resolution, elect to have the Association provide such maintenance, repair or replacement; provided that any such resolution shall be subject to being repealed, revoked, modified, changed or altered, at any time, from time to time, by the Board.

Section 9.3. Association's Right to Maintain, Repair and Reconstruct.

In the event any Owner shall fail to perform his maintenance, repair and/or reconstruction obligations in a manner satisfactory to the Board of Directors, the Association may, if said failure continues for a thirty (30) day period after written notice to said Owner by the Board, enter upon said Lot subsequent to the expiration of said thirty (30) day time period to perform any or all of such maintenance, repair or reconstruction. Notwithstanding the foregoing, no notice shall be required in emergency situations. The cost of such maintenance, repair or reconstruction shall be the personal obligation of the Owner of the Lot on which such work is performed, and shall be subject to all of the terms and provisions applicable to "Assessments" as provided in Article 4 of this Declaration, including interest, late charges and lien rights.

Section 9.4. Non-Interference with Grade and Drainage.

Each Owner and the Association agree, for themselves and their heirs, personal representatives, successors and assigns, that they will not in any way interfere with or obstruct the established drainage pattern over any real property. Except as to the Declarant or a Builder, in the event that it is necessary or desirable to change the established drainage over any Lot or Common Elements, then the party responsible for the maintenance of such real property shall submit a plan to the Design Review Committee for its review and approval, in accordance with Article 5 of this Declaration, and any such change shall also be made in accordance with all laws, regulations and resolutions of all applicable governmental entities. For purposes of this Section, "established

drainage" is defined as the drainage which exists at the time final grading by the Declarant or Builder, as applicable, is completed.

Section 9.5. Acts or Omissions.

Notwithstanding anything to the contrary contained in this Declaration, in the event that the need for maintenance, repair, replacement and/or reconstruction of the Common Elements or any Lot(s), or any Improvements located thereon, is caused by the act or omission of any Owner, or by the Act or omission of any Related Party of such Owner or invitee of such Owner, the cost of such repair, maintenance, replacement, and/or reconstruction, or expense to avoid such damage shall be the personal obligation of such Owner to the extent that said Owner would be liable for the acts of such Persons under the laws of the State of Colorado; and any costs, expenses and fees incurred by the Association for such maintenance, repair, replacement and/or reconstruction shall be a special Assessment and added to the Assessment to which such Owner's Lot is subject and shall be subject to all of the terms and provisions of Article 4 of this Declaration. A determination of the act or omission of any Owner, or any member of an Owner's family or a tenant, guest or invitee of any Owner, and the amount of the Owner's liability therefor, shall be determined by the Board of Directors at a hearing after notice to the Owner.

ARTICLE 10. EASEMENTS

Section 10.1. Other Easements.

In addition to any other easements, including those which may be granted or reserved elsewhere in this Declaration or by law, the following Sections describe easements to which the Community is or may be subject.

Section 10.2. Access Easement.

Each Owner hereby grants: to the Association, and to its agents, employees and contractors, a right and easement on, over, across and through such Owner's Lot for maintenance, repair and replacement as provided in this Declaration, including without limitation as provided in Section 3.9 and Article 9 of this Declaration; to utility companies, their contractors, agents and employees, for access to, inspection, maintenance, repair and replacement of utility meters, lines and appurtenances; and to the Association for and incidental to enforcement of any term or provision of any of the Governing Documents. The rights and easements granted in this Section may be exercised only during reasonable hours after reasonable notice to the Owners or occupants of any affected Lot; except that no such notice shall be required in connection with any exterior, non-intrusive maintenance, repair and/or replacement; and except that in emergency situations entry upon a Lot may be made at any time provided that the Owner or occupants of each affected Lot shall be notified of emergency entry as early as is reasonably possible. The interior of any dwelling unit shall not be subject to the easement that is granted in this Section.

Section 10.3. Utilities Easement.

Declarant hereby reserves a blanket easement upon, across, over and under the Common Elements for utilities and the installation, use, replacement, repair and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity, computer cable, and master television antenna or cable or satellite television systems, if any. By virtue of this blanket easement it shall be expressly permissible to erect, use, and maintain the necessary facilities, equipment and appurtenances on the Common Elements and to affix, use, repair, and maintain water and sewer

pipes, gas, electric, telephone, computer and television wires, cables, circuits, conduits and meters. In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, or modification of an easement, Declarant reserves and is hereby given the right and authority to grant or modify such easement upon, across, over or under any part or all of the Common Elements without conflicting with the terms hereof; provided, however, that such right and authority in the Declarant shall cease at such time as the Special Declarant Rights terminate as provided in Section 1.37 of this Declaration, at which time said reserved right shall vest in the Association. The easement provided for in this Section shall in no way affect, avoid, extinguish or modify any other recorded easement(s) on the Common Elements.

Section 10.4. Easement for Encroachments.

To the extent that any Improvement on a Lot or on the Common Elements encroaches on any other Lot or Common Elements, a valid easement for the encroachment exists.

Section 10.5. Drainage Easement.

Declarant hereby reserves, to itself and to the Association, easements for drainage and drainage facilities across the five (5) rear and five (5) side feet of each Lot; provided, however, that if a dwelling unit is located upon any of the areas described in this sentence, then such easement shall be reduced in width to the width of the distance from the nearest lot line to the exterior wall of the dwelling unit on such Lot that is nearest to such lot line. Except for dwellings as provided in the preceding sentence, no Improvements shall be placed or permitted to remain on any Lot nor shall any change in grading be permitted to exist which may change the direction of flow or obstruct or retard the flow of water or other moisture through channels or swales within such rear and side yard drainage easements. Declarant reserves to itself and to the Association the right to enter in and upon each such rear and side yard drainage easements to construct, repair, replace or change drainage pipes, structures or drainage ways, or to perform such grading, drainage or corrective work as Declarant or the Association may deem necessary or desirable; provided, however, that such right and authority in the Declarant shall cease at such time as the Special Declarant Rights terminate as provided in Section 1.37 of this Declaration, at which time said reserved right shall vest in the Association

Section 10.6. Easement for Unannexed Property.

The Declarant hereby reserves, for the use and benefit of the Additional Property, a non-exclusive, perpetual easement and right-of-way on, over, across and under the Common Elements for access, ingress and egress, and for utilities, and the construction, location, erection, installation, storage, maintenance, repair, renovation, replacement and use of any utilities Improvements that may now or hereafter serve the Additional Property or any portion thereof when annexed in accordance with Section 15.4 (herein collectively the "Additional Property Easement"). By virtue of the Additional Property Easement, the Declarant generally intends to provide for access and for utilities services to those portion(s) of the Additional Property when included in the Community.

ARTICLE 11. USE EASEMENTS ON LOTS

Section 11.1. General Description of Easements.

The Patio Villa Lot may be benefitted, and/or be burdened and/or be neither benefitted nor burdened, by a Use Easement. A Lot that contains a Use Easement Premises will be burdened by

such Use Easement Premises as provided in this Article ("Burdened Lot"). As to a Lot that is adjacent to a Use Easement Premises ("Benefitted Lot"), the Declarant intends to expand the driveway area of such Benefitted Lot by providing such Use Easement Premises on the Burdened Lot.

Section 11.2. Grant and Reservation of Use Easements.

Except as otherwise provided in this Article, effective upon initial conveyance of each Patio Villa Lot by Declarant, Declarant grants and hereby reserves a perpetual, exclusive (easement, on, over, under and across each Use Easement Premises for the benefit of the Benefitted Lot that is adjacent to such Use Easement Premises. Notwithstanding the foregoing, as to any Lots owned by Declarant, Declarant may add, remove, or otherwise change any Use Easement Premises or the designations of Benefitted Lot or Burdened Lot.

Section 11.3. Use of Use Easement Premises.

The Owner of the Benefitted Lot that is immediately adjacent to a Use Easement Premises, and also the Related Parties of such Owner, shall have the right to use the adjacent Use Easement Premises for driveway access purposes.

Section 11.4. Indemnity of Owner of Benefitted Lot.

The Owner of the Burdened Lot that contains a Use Easement Premises shall indemnify and hold harmless, the Owner of the Benefitted Lot that is adjacent to such Use Easement Premises, from damage to any Improvements, to the extent the damages result from the right of access reserved to the Owner of such Burdened Lot.

Section 11.5. Indemnity of Owner of Burdened Lot.

The Owner of the Benefitted Lot that is adjacent to a Use Easement Premises, shall indemnify and hold harmless, the Owner of the Burdened Lot on which such Use Easement Premises is located, from damage to any Improvements now or hereafter constructed, located or erected on such Use Easement Premises, and from any personal injury (including death), to the extent that any such damage or injury is caused by use of the Use Easement Premises by the Owner of such Benefitted Lot, or by such Owner's Related Parties.

Section 11.6. Maintenance of Use Easement Premises.

The Owner of the Benefitted Lot which has the right to use a Use Easement Premises, shall be responsible for maintenance, repair and replacement of such Use Easement Premises, to the same extent as if such Use Easement Premises were located on such Benefitted Lot and owned by the Owner of such Benefitted Lot. The foregoing shall include maintenance, repair and replacement of any driveway located on such Use Easement Premises.

ARTICLE 12. RESTRICTIONS

Section 12.1. General Plan.

It is the intention of the Declarant to establish and impose a general plan for the improvement, development, use and occupancy of the Community all in order to enhance its value and attractiveness. Article 6 of the Master Declaration sets forth certain restrictive use covenants ("Use Restrictions"), which encumber the Community and which are incorporated into this Declaration by this reference. The Association shall have the primary responsibility to enforce the

Use Restrictions, subject to the continuing rights of the Master Association to enforce the Use Restrictions if the Association fails to do so.

Section 12.2. Additional Restrictions Imposed.

In addition to the Use Restrictions set forth in the Master Declaration, all Owners and any other Persons who reside upon or use any portion of the Community shall comply with the following additional restrictions:

12.2.1. Household Pets. No animals, livestock, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in the Community for any commercial purposes. The Owners may keep a reasonable number of bona fide household pets (including dogs, cats or other domestic animals), so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Community. The Association shall have, and is hereby given, the right and authority to, from time to time, to impose a maximum number of household pets; type(s) of pets that are permitted to be kept or create a nuisance. An Owner's right to keep household pets is coupled with the responsibility to clean up after their pets and to pay for any damage caused by such pets, as well as all costs incurred by the Association as a result of such pets, and any such costs and damages shall be subject to all of the Association's rights with respect to the collection and enforcement of Assessments as provided in Article 4 of this Declaration. Owners shall comply with applicable leash laws and shall not leave dogs or other animals unattended or tied up or otherwise restrained outside any dwelling unit.

12.2.2. Signage; Flags. No advertising or signs of any character shall be erected, placed, permitted, or maintained other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House," "For Rent" or security sign(s) of not more than a total of five (5) square feet posted only for the purpose of selling, renting or evidencing the existence of a security system on such Lot, and such other signs, for such length(s) of time, which have the prior written approval of the Committee or are otherwise expressly permitted by law; provided, however, that any and all such advertising or signs shall be subject to any and all specifications and/or rules and regulations adopted by the Committee or the Board of Directors, from time to time. Notwithstanding the foregoing, any signs, advertising, or billboards may be used by the Declarant or by a Builder (with the Declarant's prior written consent) without regard to any specifications or any rules and regulations of the Committee, and without the prior written approval of the Committee. The Owner or occupants of a Lot may display political signs (as defined in the Act) during the period that begins forty-five (45) days prior to an election and ends seven (7) days after an election, provided that such signs are no larger than the smaller of (a) the size of political signs allowed by local ordinance or (b) 36 inches by 48 inches. Notwithstanding anything to the contrary herein, the Owner or occupants of a Lot may display the American flag, service flags, and political signs in conformance with C.R.S. §38-33.3-106.5 and subject to the Rules and Regulations adopted by the Committee or the Board from time to time.

12.2.3. Antenna. The Board may adopt rules and regulations, consistent with applicable state or federal laws and regulations, regarding the installation of satellite dishes, exterior aerials, antennas of any kind, and any wind-electric generator. Notwithstanding any provision in the Governing Documents to the contrary, the Association may not effectively prohibit renewable energy generation devices or the installation or use of any energy efficient measures, provided that the Association may adopt reasonable aesthetic rules and regulations concerning dimensions, placement or external appearance of such devices or measures.

12.2.4. Fences. No fences shall be permitted without the prior, written approval of the Design Review Committee, except such fences as may be constructed, installed or located by the Declarant or a Builder in the development of, or construction of Improvements in, the Community.

12.2.5. Vehicular Parking, Storage and Repairs, Use of Garages. Except as expressly permitted under the Act regarding the parking of emergency vehicles, no house trailer, camping trailer, boat trailer, hauling trailer, jet ski, boat, or accessories thereto, truck (excluding, except as hereinafter provided, pickup trucks that are 1 ton or less), self-contained motorized recreational vehicle, or other type of recreational or commercial vehicle or equipment, may be parked or stored on a Lot unless such parking or storage is entirely within the garage area of any Lot or will be suitably screened from view in accordance with the requirements, and prior written approval of, the Design Review Committee (subject to subject to any provisions of any guidelines or standards adopted by the Design Review Committee). A "commercial vehicle" means a vehicle that: is used to transport cargo or passengers for profit or hire, or otherwise to further the purposes of a business or commercial enterprise; and may (but is not required to) contain signage, advertising, or written information on the vehicle or extending from the vehicle. However, any such vehicle may be otherwise parked as a temporary expedient for loading, delivery, or emergency. This restriction, however, shall not restrict trucks or other commercial vehicles that are necessary for construction or maintenance of any portion of the Community or any Improvements located thereon. A "recreational vehicle" includes motor homes, pick-up trucks with camper shells, trailers, self-contained recreational vehicles, motorcycles, motorbikes, snowmobiles, jet skis, all-terrain vehicles, and other apparatus intended for use on land, water, or in the air, and the trailers used for their transportation.

12.2.6. Abandoned Vehicles. Except as expressly permitted under the Act regarding the parking of emergency vehicles, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Community. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of seventy-two (72) hours or longer, or which does not have an operable propulsion system installed therein, or which is not then currently registered and licensed; provided, however, that otherwise permitted vehicles parked by Owners while on vacation (for a maximum of two (2) weeks) or during a period of illness shall not be deemed to be abandoned.

12.2.7 Restrictions on Trash and Materials. No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate except inside the residence on any Lot nor shall any such items be deposited on a street, unless placed in a suitable, tightly-covered container that is suitably located solely for the purpose of garbage pickup. Further, no trash or materials shall be permitted to accumulate in such a manner as to be visible from any other portion of the Community.

12.2.8 Leases. The term "lease," as used herein, shall include any agreement for the leasing or rental of a Lot, Improvements thereon, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Lot, or any portion thereof, provided that all leases shall be in writing; and all leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the Governing Documents; and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

Section 12.3. Landscaping.

Within the time frames as specified by the Board, the Owner (other than Declarant or a Builder) of each Lot shall install landscaping on the backyard of a Lot, and shall thereafter maintain such landscaping in a neat and attractive condition, including periodic pruning, removal of weeds, and replacement of dead landscaping (excluding the Patio Villa Lots, which backyard landscaping or adjacent tract landscaping shall be installed by Declarant or a Builder and maintained by the Association as provided in this Declaration). Each Owner of a Lot (other than a Patio Villa Lot) will be responsible for irrigation and the cost thereof of the back yard landscaping on its Lot.

Section 12.4. Patio Villa Lot Restrictions.

Owners of Patio Villa Lots shall not install any Improvements, plantings, wind chimes, bird baths, bird feeders, electric fences or other obstructions in the back yard of, or adjacent tracts to, the Patio Villa Lots, and the Association will not be responsible for any damage to any such obstructions or Improvements located in the back yards of, or adjacent tracts to, the Patio Villa Lots as a result of the Association's maintenance and repair activities. Any Patio Villa Lot Owner in violation of this restriction will be responsible for all costs incurred by the Association as a result of such violation, including without limitation, the cost of removal of such obstructions or Improvements and damage to mowers or other equipment.

ARTICLE 13. PROPERTY RIGHTS IN THE COMMON ELEMENTS

Section 13.1. Owners' Easements of Enjoyment.

Subject to this Declaration, every Owner shall have a non-exclusive right and easement for the purpose of access to such Owner's Lot and for use for all other purposes, in and to the Common Elements, and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 13.2. Extent of Owners' Easements.

Subject to the other provisions of this Article, the rights and easements of enjoyment created hereby are subject to the following: the Common Elements may not be used in any manner which violates the statutes, rules, or regulations of any governmental authority with jurisdiction over the Common Elements; and no Person (other than the Declarant or the Association) may place any

structure on the Common Elements. In addition, such rights and easements are subject to the rights of the Association and Board as specified in this Declaration and the Act.

Section 13.3. Use of Common Elements by Declarant and Builders.

An easement is hereby granted to the Declarant and to each Builder on, over, across, under and through the Common Elements as may be reasonably necessary for the purpose of discharging any of Declarant's or Builder's obligations or exercising any Special Declarant Rights or other rights of the Declarant or Builder, as applicable, and no Owner shall engage in any activity which will temporarily or permanently interfere with such easement through the Common Elements.

Section 13.4. Delegation of Use.

Any Owner may delegate his right of enjoyment to the Common Elements and facilities to Related Parties.

Section 13.5. Payment of Taxes or Insurance by Security Interest Holders.

Security Interest Holders shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may be or have become a lien against the Common Elements and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Elements, and any Security Interest Holders making any such payments shall be owed immediate reimbursement therefor from the Association.

Section 13.6. Designation of Common Elements.

Declarant in recording this Declaration has designated certain areas of land as Common Elements intended for the common use and enjoyment of Owners for recreation and other related activities, as provided in this Declaration and other applicable documents. The Common Elements are not dedicated hereby for use by the general public.

ARTICLE 14. DISPUTE RESOLUTION

Section 14.1. Intent of Article; Applicability of Article; and Applicability of Statutes of Limitation.

14.1.1. Each Party (as defined below) agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Party covenants and agrees to submit all Claims (as defined below) to the procedures set forth in this Article and not to a court of law.

14.1.2. By acceptance of a deed for a Lot, each Owner agrees to abide by the terms of this Article.

14.1.3. No Claim (as defined below) may be initiated after the date when institution of legal or equitable proceedings based on such Claim would be barred by the applicable statute of limitation or statute of repose.

Section 14.2. Definitions Applicable to this Article.

For purposes of this Article only, the following terms have the meanings set forth in this Section:

14.2.1. "AAA" means the American Arbitration Association or any other Person subsequently agreed to by the Claimant and Respondent in writing for the purpose of performing the functions of the American Arbitration Association under this Declaration.

14.2.2. "Claimant" means any Party having or asserting a Claim.

14.2.3. "Claim" means, except as excluded or exempted by the terms of this Article, any claim, grievance or dispute between one Party and another, regardless of how the same may have arisen or on what it might be based, including without limitation those arising out of or related to (i) the interpretation, application or enforcement of any of the Governing Documents or the rights, obligations and duties of any Party under any of the Governing Documents; (ii) the design or construction of improvements; (iii) any statements, representations, promises, warranties, or other communications made by or on behalf of any Party. A Claim may be brought by lawsuit, counterclaim, cross-claim, mediation, arbitration, or in any other manner.

14.2.4. "Party" means each of the following: Declarant, its officers, directors, partners, members, employees and agents; the Association, its officers, directors and committee members; all Persons subject to this Declaration; any builder or contractor, its officers, directors, partners, members, employees and agents, who construct buildings, residences or other Improvements; and any Person not otherwise subject to this Declaration who agrees to submit to this Article.

14.2.5. "Respondent" means any Party against whom a Claimant asserts a Claim.

14.2.6. "Termination of Mediation" means a period of time expiring forty-five (45) days after a mediator has been agreed upon by the parties (however, a mediator shall be selected no later than thirty (30) days after the Claimant has given notice to the Respondent of the Claim and if the Claimant and Respondent are unable to agree on a mediator, one shall be chosen by the AAA) and the matter has been submitted to mediation (or within such other time as determined by the mediator or agreed to by the Claimant and Respondent), and upon the expiration of which the Claimant and Respondent have not settled the Claim.

Section 14.3. Approval Required for Association Actions.

The approval of sixty-seven percent (67%) of the Association votes cast by Members voting in person or by proxy at a meeting duly called for this purpose at which a quorum is present (with the "quorum" in such cases to be set as provided in Section 14.4 of this Declaration), must be obtained before the Association shall have the power to institute action on any Claim pursuant to this Article, or to make any counterclaim or cross-claim in any lawsuit with respect to any Claim brought against the Association. Such approval must be obtained in accordance with the requirements of Section 14.4 of this Declaration.

Section 14.4. Notice and Quorum for Association Actions.

Written notice of any meeting of Members which includes a vote pursuant to Section 14.3 of this Declaration shall be sent to all Members not less than thirty (30) days nor more than fifty (50)

days in advance of the meeting. Such written notice, or if the vote is to be by written ballot then such written ballot, shall include the following information:

14.4.1. A statement regarding the nature of the Claim. Such statement shall include the name(s) of the proposed Claimant(s) and Respondent(s), the basis and reason for the Claim, and any other information necessary to adequately explain the nature of the proposed Claim; and

14.4.2. A good-faith estimate of the costs and fees, including court costs and other costs, the fees of consultants, expert witnesses and attorneys, reasonably anticipated to be incurred by or for the Association in prosecuting the Claim, with such estimate prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

14.4.3. A good-faith estimate of the manner in which any monies reasonably anticipated to be recovered from the Claim will be distributed or paid to consultants, expert witnesses, the Association, its attorney(s) and any others, prepared by the primary attorney the Board proposes to have prosecute the Claim on its behalf; and

14.4.4. A good faith estimate of the projected time frame for resolution of the Claim; and

14.4.5. All terms and provisions of the agreement between the Association and the attorney(s) the Board proposes to have prosecute the Claim.

The presence of Members or of proxies, or if by ballot then receipt by the Association of written ballots, entitled to cast sixty-seven percent (67%) of all of the Association votes, shall constitute a quorum at any meeting at which the Members vote on approval of any Claim the Association wishes to bring.

Section 14.5. Required Form of Proxy or Ballot.

Each written proxy, and each ballot, which purports to vote on, or authorize a vote on, approval of the Association bringing a Claim shall contain the following statement with respect to any vote approving the Association to bring a Claim:

> With full knowledge and understanding that my annual Assessments may be increased by the costs and fees associated with the proposed Claim, I/we APPROVE the authority of the Association to bring such Claim.

Section 14.6. Exclusions from "Claim".

Unless specifically exempted by this Article, all Claims between any of the Parties shall be subject to the provisions of this Article. Notwithstanding the foregoing, unless all Parties thereto otherwise agree in writing, "Claim" does not include any of the following, and the same shall not be subject to the provisions of this Article:

14.6.1. Any action by the Association to enforce any provision of Article 4 of this Declaration;

14.6.2. Any action by the Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the Association or court may deem necessary in order to enforce any of the provisions of Article 12 of this Declaration or of Article 5 of this Declaration;

14.6.3. Any action between or among Owners, which does not include Declarant, a Builder or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents; and

14.6.4. Any action in which any indispensable party is not a Party, as defined in this Article.

Section 14.7. Right to Inspect.

Prior to any Party commencing any proceeding against another Party, including but not limited to an alleged defect of any Improvement, the Respondent shall have the right to be heard by the Claimant and, if any Claimant is the Association, by the Members, and to access, inspect, correct the condition of, or redesign any portion of any Improvement as to which a defect is alleged or to otherwise correct the alleged defect; provided, however, any correction to, or redesign of, an Improvement shall be made upon terms and conditions reasonably acceptable to all affected Parties. In the exercise of the inspection rights contained herein, the inspecting Party shall:

14.7.1. Be careful to avoid unreasonable intrusion upon, or harm, damage or costs to the affected Party including using its best efforts to avoid causing any damage to, or interference with, any Improvements to the subject property;

14.7.2. Minimize any disruption or inconvenience to any Person who occupies the subject property;

14.7.3. Remove daily all debris caused by the inspection and located on the subject property; and

14.7.4. In a reasonable and timely manner, at the sole cost and expense of the inspecting Party, promptly remove all equipment and materials from the subject property and repair and replace all damage, and restore the subject property to the condition of the subject property as of the date of the inspection unless the subject property is to be immediately repaired.

The inspecting Party shall not permit any lien, claim or other encumbrance arising from the exercise of its right to inspect to accrue against or attach to the subject property. The inspecting Party shall indemnify, defend, and hold harmless the affected Owners and their tenants, guests, employees and agents, against any and all liability, claims, demands, losses, costs and damages incurred, including court costs and attorneys' fees, resulting from any breach of this Section by the inspecting Party.

Section 14.8. Mandatory Procedures.

14.8.1. *Good Faith Negotiations*. The Parties shall make every reasonable effort to meet in person and confer for the purposes of resolving the Claim by good faith negotiation. Any Party may be represented by attorneys and independent consultants to assist such Party in negotiations and to attend meetings.

14.8.2. *Notice*. Prior to proceeding with any claim against a Respondent, each Claimant shall give a notice to each Respondent, which notice shall state plainly and concisely:

14.8.2.1. the nature of the Claim, including all Persons involved and Respondent's role in the Claim;

14.8.2.2. the legal or contractual basis of the Claim (i.e., the specific authority out of which the Claim arises); and

14.8.2.3. the specific relief and/or proposed remedy sought.

14.8.3. Mediation.

14.8.3.1. If the Parties do not resolve the Claim through negotiations within thirty days after submission of the Claim to the Respondent(s), Claimant shall have an additional thirty (30) days to submit the Claim to mediation under the auspices of the AAA in accordance with the AAA's Commercial or Construction Industry Mediation Procedures, as appropriate.

14.8.3.2. If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

14.8.3.3. Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If a Termination of Mediation occurs, the mediator shall issue a notice of Termination of Mediation. The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

14.8.3.4. Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator.

14.8.3.5. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 14.8.3 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 14.8 of this Declaration. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including without limitation, attorneys' fees and court costs.

14.8.4. Binding Arbitration.

14.8.4.1. Subject to Section 14.8.3.2. above, upon Termination of Mediation, if Claimant desires to pursue the Claim, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of the

AAA in accordance with the AAA's Commercial or Construction Industry Arbitration Rules, as appropriate. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. Unless otherwise mutually agreed to by the parties to the Claim, there shall be one arbitrator who, to the extent feasible, shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

14.8.4.2. Each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the arbitrator or the court shall award reasonable attorneys' fees and expenses incurred in defending such contests, including those incurred in trial and on appeal, to the non-contesting Party. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator.

14.8.4.3. The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all Parties to the Claim.

Section 14.9. Liability for Failure of Association to Maintain an Action.

No director or officer of the Association shall be liable to any Person for failure to institute or maintain or bring to conclusion a cause of action, mediation or arbitration for a Claim if the following criteria are satisfied: (a) the director or officer was acting within the scope of his or her duties; (b) the director or officer was not acting in bad faith; and (c) the Act or omission was not willful, wanton or grossly negligent.

ARTICLE 15. GENERAL PROVISIONS

Section 15.1. Enforcement; Fines.

15.1.1. This Section 15.1.1 is subject to Article 14 of this Declaration. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in the Governing Documents may be by any proceeding at law or in equity against any Person(s) violating or attempting to violate any such provision. Except as otherwise provided in this Declaration, the Association and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings. Remedies for violation(s) of the Governing Documents shall be cumulative and no remedy shall be exclusive of other remedies that may be available. In any action instituted or maintained under any of such documents, the prevailing party shall be entitled to recover its costs and attorney fees incurred in asserting or defending the claim, as well as any and all other sums. Failure by the Association or any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the Governing Documents, shall in no event be deemed a waiver of the right to do so thereafter.

15.1.2. Subject to the following sentence, the Association shall have the right to levy and collect fines (as provided in Article 4 of this Declaration) for the

violation of the Governing Documents. Prior to collection of any fines, the Association, the Board of Directors, or an authorized management company of the Association, shall mail a notice of violation to the Person(s) alleged to be in violation of any such provision and such notified Person(s) has a right to a hearing upon submission to the Board of Directors of a written request for hearing, which is properly signed by such Person(s) and dated, within ten (10) days after the notice of violation has been mailed or such other time as the Board of Directors may decide in its discretion from time to time; failure of a notified Person to request a hearing in writing within the required time period shall constitute a waiver of such right to a hearing.

Section 15.2. Severability.

All provisions of the Declaration, the Articles of Incorporation and Bylaws of the Association are severable. Invalidation of any of the provisions of any such documents, including without limitation any provision(s) of Article 14 of this Declaration by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 15.3. Conflict of Provisions.

In case of any conflict between this Declaration and the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

Section 15.4. Annexation; Withdrawal.

15.4.1. Additional Property may be annexed to this Declaration with the consent, at the time such annexation is to be effective, of Members casting sixty-seven percent (67%) of the Association votes and with the consent, at the time such annexation is to be effective, of the owner of the property to be annexed; provided, however, prior to the termination of the Special Declarant Rights, including without limitation the right to exercise any Development Rights, no annexation that is provided for in this subsection shall be effective without the prior written approval of the Declarant.

15.4.2. Notwithstanding the foregoing, until termination of the Special Declarant Rights as provided in Section 1.37 of this Declaration, the Declarant (or any Builder so designated in writing by the Declarant) may annex to this Declaration the Additional Property or any portion(s) thereof owned by Declarant (or such designated Builder), without consent of any other Owners, Security Interest Holders, or any other Person; however, such annexation is subject to a determination by HUD or VA only if the Declarant (or any Builder so designated in writing by the Declarant) desires to attempt to obtain HUD or VA approval of the property being annexed, and if HUD or VA require such approval, that the annexation is in accord with the general plan approved by them and that the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements.

15.4.3. Each such annexation shall be effected, if at all, by recording a Supplemental Declaration in the Records, which document:

15.4.3.1. shall provide for annexation to this Declaration of the portion of the Additional Property described in such Supplemental Declaration;

15.4.3.2. shall identify the owner(s) of such portion of the Additional Property;

15.4.3.3. shall assign an identifying number to each new Lot;

15.4.3.4. shall describe any Common Elements within the Additional Property being annexed;

15.4.3.5. shall specify any Patio Villa Lots included in the annexed Additional Property; and

15.4.3.6. may include such other provisions as the Declarant (or any Builder so designated in writing by the Declarant) deems appropriate. Other provisions that may be included in a Supplemental Declaration include, without limitation, covenants, conditions, restrictions, requirements and/or other provisions, in addition to or different from those contained elsewhere in this Declaration, that apply or will apply to some or all of the property that is thereby being annexed to this Declaration. Any of such other provisions referenced in the preceding sentence in a Supplemental Declaration may be amended with the consent of the Owners of sixty-seven percent (67%) of the Lots to which such other provisions apply.

15.4.4. In addition to the rights contained in subsection 15.4.2 and notwithstanding anything to the contrary contained in this Declaration, the Declarant (or any Builder so designated in writing by the Declarant) may annex to this Declaration any owned portion of the Additional Property or any portion(s) thereof, until termination of the Special Declarant Rights as provided in Section 1.37 of this Declaration, by recording one or more deeds by which any such property is conveyed by the Declarant (or by any Builder so designated in writing by the Declarant). Each of such deeds shall be deemed to include the following provisions whether or not such provisions are contained in such deed: the property described in such deed shall be annexed to this Declaration; and the lot and/or tract designation of such Lot(s) and/or tract(s) shall be the identifying number and/or letter assigned to each such Lot(s) and/or tract(s); the designation of any Patio Villa Lots; and the Common Elements, if any, included in such deed shall be the tracts, if any, listed on such deed; and the Allocated Interest appurtenant to each such Lot shall be that fraction determined in accordance with Section 1.4 of this Declaration. Each annexation which is accomplished by recording of a deed in accordance with this subsection shall be deemed to be effective upon the date of recording of such deed. Notwithstanding the foregoing, a deed which does not convey the Additional Property, or any portion thereof, from the Declarant (or any Builder so designated in writing by the Declarant) shall not be an annexing deed as provided in this subsection, nor shall a deed which otherwise complies with this subsection if the same states on its face that it is not an "annexing deed" and is initialed by the Declarant.

15.4.5. The Declarant hereby reserves the right to record in the Records one or more documents in order to clarify the effect of any annexation(s), including

without limitation any matters contained in Sections 15.4.1, 15.4.2, 15.4.3 and/or 15.4.4. Each such document(s), if any, may state the legal description(s) of any property which has been annexed, and may include such other provisions as the Declarant, in its discretion, may determine.

15.4.6. Except as otherwise specifically stated in the Supplemental Declaration or annexing deed, all provisions of this Declaration, including as to Lots, those provisions regarding obligations to pay Assessments to the Association and any right to cast votes as Members, shall apply to annexed property immediately upon the effective date of the annexing document (which shall constitute the date of recording thereof unless otherwise stated in such document).

15.4.7. Each annexation to this Declaration, if any, shall be deemed to constitute an amendment to this Declaration.

15.4.8. The property which is described on the attached Exhibit A (as hereafter amended) the real property that is described on the attached Exhibit B (as hereafter amended), shall each be subject to a right of withdrawal by the Declarant. Such withdrawal may be accomplished, if at all, in accordance with the Act. However, the Declarant's right to withdraw each such portion of the Community shall expire and terminate, as to each portion of the Community, no later than termination of the Special Declarant Rights as provided in Section 1.37 hereof.

Section 15.5. Minor Violations of Setback Restrictions.

If upon the erection of any structure, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement shall be deemed waived by the Owners of each Lot immediately adjoining the structure which is in violation of the setback, and such waiver shall be binding upon all other Owners. However, nothing contained in this Section shall prevent the prosecution of a suit for any other violation of the restrictions, covenants, or other provisions contained in this Declaration. A "minor violation," for the purpose of this Section, is a violation of not more than four (4) feet beyond the required setback lines or Lot lines. This provision shall apply only to the original structures and shall not be applicable to any alterations or repairs to, or replacements of, any of such structures.

Section 15.6. Subdivision or Replatting of Lots.

The Declarant hereby reserves the right to subdivide or replat any Lot(s) owned by the Declarant in the Community. Without limiting the generality of the foregoing, the Declarant reserves the right to move any Lot lines(s) on Lot(s) owned by the Declarant, for the purpose of accommodating Improvements which are constructed or may be constructed. The rights provided for in this Section shall terminate upon termination of the Special Declarant Rights, as provided in Section 1.37 hereof. No Lot may be further subdivided from that existing at the time such Lot becomes subject to this Declaration, except by, or with the consent of, Declarant.

Section 15.7. Declarant's and Builder's Use.

Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents, and contractors, as well as any Builder (but only with the express written consent of the Declarant), to perform such reasonable activities, and to maintain upon portions of the Lots and the Common Elements such facilities as Declarant

deems reasonably necessary or incidental to the construction and sale of Lots and development and construction of Improvements, including locating, maintaining and relocating management offices, signs, model units and sales offices, in such numbers, of such sizes, and at such locations as Declarant determines. Any real estate used as a sales office, management office, or a model, shall be a Lot or Common Elements, as designated in this Declaration or any other recorded document(s). Further, nothing contained in this Declaration shall limit the rights of Declarant or require the Declarant to obtain approvals:

15.7.1. to excavate, cut, fill or grade any property (with the consent of the Owner thereof) or to construct, alter, demolish or replace any Improvements;

15.7.2. to use any Improvements on any property (with the consent of the Owner thereof) as a construction, management, model home or sales or leasing office in connection with the development, construction or sale of any property; and/or

15.7.3. to require Declarant to seek or obtain any approvals under this Declaration for any such activity.

The rights provided for in this Section shall terminate upon termination of the Special Declarant Rights, as provided in Section 1.37 hereof.

Section 15.8. Duration, Revocation, and Amendment.

15.8.1. Each and every provision of this Declaration shall run with and bind the land perpetually from the date of recording of this Declaration. Except as otherwise provided in this Declaration, this Declaration may be amended by the affirmative vote or agreement of Members holding at least sixty-seven percent (67%) of the Allocated Interests; provided, however, prior to the termination of the Special Declarant Rights, including the right to exercise any Development Rights, no amendment of this Declaration shall be effective without the prior written approval of the Declarant. Further, each amendment of this Declaration enacted by the Members shall be applicable only to disputes, issues, events, circumstances, actions, Claims or causes of action that arose out of circumstances or events that occurred after the date of recording of such amendment in the Records; and no such amendment shall be applied retroactively to any earlier occurring disputes, issues, events, circumstances, actions, Claims or causes of action.

15.8.2. Notwithstanding anything to the contrary contained in this Declaration, Bylaws of the Association and/or Articles of Incorporation of the Association may be amended in whole or in part, by the Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in order to comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, or the Agencies. Such right of amendment shall terminate as provided in Section 1.37 of this Declaration.

15.8.3. Notwithstanding anything to the contrary contained in this Declaration, Bylaws of the Association and/or Articles of Incorporation of the Association may be amended in whole or in part, by the Declarant without the consent or approval of any other Owner, any Security Interest Holder, or any other Person, in

order to correct clerical, typographical, or technical errors. Such right of amendment shall terminate as provided in Section 1.37 of this Declaration.

15.8.4. Except as to amendments which may be made by the Declarant, amendments to this Declaration may be prepared, executed, recorded, and certified by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association. Such certification shall, in the case of an amendment requiring the approval of Owners, certify that the Association has received the requisite approvals. Amendments to this Declaration which may be made by the Declarant pursuant to this Declaration or as permitted by the Act, may be signed by the Declarant and shall require no other signatory.

Section 15.9. Registration of Mailing Address.

Each Owner and each Security Interest Holder, insurer or guarantor of a Security Interest, shall register his mailing address with the Association, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by U.S. mail, postage prepaid, addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Association of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Lot. All notices, demands, or other notices intended to be served upon the Board of Directors or the Association during the 75% Control Period shall be sent by registered or certified mail, postage prepaid, to The Ryland Group, Inc., 8200 E. Maplewood Avenue, Suite 150, Greenwood Village, Colorado 80111, unless such address is changed by the Association during the 75% Control Period; subsequent to termination of the 75% Control Period, the Association shall notify the Owners of a different address for notices.

Section 15.10. Limitation on Liability.

The Association, the Board of Directors, the Design Review Committee, the Declarant and its assigns, any Builder, and the officers, directors, members, partners, agents and employees of the same, shall not be liable to any Person for any action or for any failure to act unless the Action or failure to act was not in good faith and was done or withheld with malice. The release and waiver set forth in Section 15.14 shall apply to this Section.

Section 15.11. No Representations, Guaranties or Warranties.

No representations, guaranties or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant, the Association, the Board of Directors, the Design Review Committee, any Builder, or by any of their officers, directors, members, partners, agents or employees, in connection with any portion of the Community, or any Improvement, its or their physical condition, structural integrity, freedom from defects, freedom from hazardous or toxic materials, substances or gases, zoning, compliance with applicable laws, fitness for intended use, or view, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing. The release and waiver set forth in Section 15.14 shall apply to this Section.

Section 15.12. Disclaimer Regarding Safety.

THE DECLARANT AND ITS ASSIGNS, THE BUILDERS, THE ASSOCIATION, THE DESIGN REVIEW COMMITTEE, THE BOARD OF DIRECTORS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMUNITY. BY ACCEPTING A DEED TO PROPERTY WITHIN THE COMMUNITY, EACH OWNER ACKNOWLEDGES THAT DECLARANT, THE BUILDERS, THE ASSOCIATION, THE DESIGN REVIEW COMMITTEE, THE BOARD OF DIRECTORS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN, OR IN THE ARTICLES OF INCORPORATION, BYLAWS, RULES AND REGULATIONS OR POLICIES AND PROCEDURES OF THE ASSOCIATION, AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMUNITY. THE RELEASE AND WAIVER SET FORTH IN SECTION 15.14 SHALL APPLY TO THIS SECTION.

Section 15.13. Development Within and Surrounding the Community.

Each Owner acknowledges that development within and surrounding the Community may continue for an indefinite period, and that plans for the density, type and location of improvements, developments or land uses may change over time. Such development may entail changes to or alterations in the access to the Community, views of or from the Community or the Lots, surrounding land uses, open space or facilities, traffic volumes or patterns, privacy or other off-site aspects or amenities. Development also may entail noise, odors, unsightliness, dust and other inconveniences or disruptions. By accepting a deed to a Lot, each Owner accepts title to such Lot subject to the foregoing, and waives and releases any claim against the Declarant, the Association, the Board of Directors, the Design Review Committee, each Builder, and their respective officers, directors, members, partners, agents and employees, heirs, personal representatives, successors and assigns, arising out of or associated with any of the foregoing. The release and waiver set forth in Section 15.14 shall apply to this Section.

Section 15.14. Waiver.

By acceptance of a deed to a Lot, each Owner hereby releases, waives, and discharges the Declarant and its assigns, the Association, the Board of Directors, the Design Review Committee, each Builder, and their respective officers, directors, members, partners, agents and employees, heirs, personal representatives, successors and assigns, from all losses, claims, liabilities, costs, expenses, and damages, arising directly or indirectly from any hazards, disclosures or risks set forth in this Declaration, including without limitation, those contained in Sections 15.10, 15.11, 15.12 and 15.13.

Section 15.15. HUD or VA Approval.

During the 75% Control Period, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more Security Interests, and HUD or VA require such approval: annexation of additional real property (if the Declarant desires to obtain HUD or VA approval of the property that is being

annexed and if HUD or VA require such approval); amendment of this Declaration, except as provided in Sections 15.4, 15.8.2 and 15.8.3 hereof; termination of this Community; dedication of Common Elements; or merger or consolidation of the Association, except as provided in Section 3.26 of this Declaration

Section 15.16. Headings.

The Article, Section and subsection headings in this Declaration are inserted for convenience of reference only, do not constitute a part of this Declaration, and in no way define, describe or limit the scope or intent of this Declaration or any of the provisions hereof.

Section 15.17. Gender.

Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular and the use of any gender shall be applicable to all genders.

Section 15.18. Run with Land; Binding Upon Successors.

The benefits, burdens and all other provisions contained in this Declaration shall be covenants running with and binding upon this Community and all real property and Improvements which are now or hereafter become a part thereof. The benefits, burdens and all other provisions contained in this Declaration shall be binding upon, and inure to the benefit of the Declarant, the Builders, the Association and all Owners, and upon and to their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this 28 day of June, 2013.

DECLARANT:

THE RYLAND GROUP, INC.,
a Maryland corporation

By: _____
Name: Daniel J. Nicklass
Its: _____

STATE OF COLORADO)
) ss.
COUNTY OF Arapahoe)

The foregoing instrument was acknowledged before me this day 28 of June, 2013, by Daniel J. Nicklass, as Operational V.P. of The Ryland Group, Inc., a Maryland corporation.

Witness my hand and official seal.

(S E A L)

Notary Public _____

My Commission Expires: _____

ANNETTE WENDORFF
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134027824
COMMISSION EXPIRES MAY 01, 2017

EXHIBIT A
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
COAL CREEK VILLAGE NORTH PAIRED AND PATIO VILLA HOMES

(Community)

Patio Villa Lots:

Lots 3 and 4, Block 2, Coal Creek Village North, Filing No. 1, according to the recorded plat thereof, County of Boulder, State of Colorado.

EXHIBIT B
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
COAL CREEK VILLAGE NORTH PAIRED AND PATIO VILLA HOMES

(Common Elements)

None Initially.

EXHIBIT C
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
COAL CREEK VILLAGE NORTH PAIRED AND PATIO VILLA HOMES

(Additional Property)

Lots 1 and 2, Block 3, Filing 1;
Lots 12-23, inclusive, Block 4, Filing 1; to be known as Lots 13A, 13B, 14A, 14B, 15A, 15B, 21A and 21B, and
Lots 101-103, Block 5, Filing 1, to be known as Lots 103A and 103B;
Coal Creek Village P.U.D. Filing Nos. 1 and 5, according to the recorded plats thereof, County of Boulder, State of Colorado.

Parcel C, Tracts 1, 2, 3 & 4, Coal Creek Village North-Saratoga Drive
County of Boulder, State of Colorado

EXHIBIT D
TO
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
COAL CREEK VILLAGE NORTH PAIRED AND PATIO VILLA HOMES

(Easements and Title Exceptions)

1. TAXES AND ASSESSMENTS FOR THE YEAR 2012 AND SUBSEQUENT YEARS.

2. WATER RIGHTS, CLAIMS OR TITLE TO WATER.

3. RIGHT OF THE PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM, SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES HEREBY GRANTED, AND A RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENT RECORDED JUNE 18, 1897, IN BOOK 167 AT PAGE 42.

4. ALL OIL AND GAS AND THE TERMS THEREIN AS RESERVED IN DEED RECORDED OCTOBER 27, 1903 IN BOOK 272 AT PAGE 123. (AFFECTS THE W1/2 W1/2 NW1/4 SECTION 11, TOWNSHIP 1 SOUTH RANGE 69 WEST)

5. ALL COAL AND THE TERMS THEREIN AS CONVEYED IN DEED RECORDED AUGUST 18, 1911 IN BOOK 340 AT PAGE 546, AND AS RESERVED IN DEED RECORDED SEPTEMBER 29, 1920 IN BOOK 435 AT PAGE 503. (AFFECTS THE W1/2 W1/2 NW1/4 SECTION 11, TOWNSHIP 1 SOUTH, RANGE 69 WEST).

6. ALL OIL, GAS AND OTHER MINERALS AS RESERVED IN DEED RECORDED DECEMBER 27, 1982 UNDER RECEPTION NO. 525875.

7. TERMS, CONDITIONS AND PROVISIONS OF SHERWOOD FILING #4 DEVELOPMENT AGREEMENT RECORDED MAY 23, 1996 AT RECEPTION NO. 1610874.

8. TERMS, CONDITIONS AND PROVISIONS OF ANNEXATION AGREEMENT RECORDED JUNE 03, 1994 AT RECEPTION NO. 1433919.

9. TERMS, CONDITIONS AND PROVISIONS OF DEVELOPMENT AGREEMENT RECORDED JULY 24, 2003 AT RECEPTION NO. 2476478, AND THE FIRST AMENDMENT THERETO RECORDED DECEMBER 22, 2003 UNDER RECEPTION NO. 2541309.

10. THE EFFECT OF THE COAL CREEK VILLAGE FINAL P.U.D. PLAN RECORDED JULY 24, 2003 UNDER RECEPTION NO. 2476476 AND AMENDMENT 1 THERETO RECORDED DECEMBER 22, 2003 UNDER RECEPTION NO. 2541308, AND

AMENDMENT A OF AMENDED COAL CREEK VILLAGE FINAL P.U.D. PLAN RECORDED MAY 20, 2005 UNDER RECEPTION NO. 2689761, AND AMENDMENT NO. 3 RECORDED AUGUST 23, 2007 AT RECEPTION NO. 2878322, AND AMENDMENT NO. 2 RECORDED APRIL 8, 2008 AT RECEPTION NO. 2921525, AND AMENDMENT NO. 4 RECORDED APRIL 23, 2010 AT RECEPTION NO. 3070647, AND AMENDMENT NO. 5 RECORDED MAY 28, 2010 AT RECEPTION NO. 3077321, AND AMENDMENT NO. 6 RECORDED JULY 26, 2011 AT RECEPTION NO. 3161637, AND AMENDMENT NO. 7 RECORDED AUGUST 4, 2011 AT RECEPTION NO. 3163489.

11. RESTRICTIVE COVENANTS, WHICH DO NOT CONTAIN A FORFEITURE OR REVERTER CLAUSE, BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW, AS CONTAINED IN INSTRUMENT RECORDED DECEMBER 22, 2003, UNDER RECEPTION NO. 2541311, AND FIRST AMENDMENT THERETO RECORDED SEPTEMBER 02, 2004, UNDER RECEPTION NO. 2624035, AND SECOND AMENDMENT THERETO RECORDED SEPTEMBER 15, 2010 UNDER RECEPTION NO. 3099113.

NOTE: SECOND AMENDMENT AND ANNEXATION RECORDED JANUARY 19, 2007 UNDER RECEPTION NO. 2830770, THIRD AMENDMENT AND ANNEXATION RECORDED APRIL 23, 2010 UNDER RECEPTION NO. 3070652, FOURTH AMENDMENT AND ANNEXATION RECORDED JULY 26, 2011 UNDER RECEPTION NO. 3161639, AND FIFTH AMENDMENT THERETO RECORDED MARCH 19, 2012 UNDER RECEPTION NO. 3210517.

NOTE: ASSIGNMENT AND DESIGNATION OF DECLARANT IN CONNECTION THEREWITH RECORDED JULY 27, 2011 UNDER RECEPTION NO. 3161708, AND ASSIGNMENT OF DECLARANT RIGHTS RECORDED MARCH 19, 2012 UNDER RECEPTION NO. 3210516.

12. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE RECORDED PLAT OF REPLAT A COAL CREEK VILLAGE P.U.D. A REPLAT OF COAL CREEK VILLAGE P.U.D. FILING 1 RECORDED DECEMBER 22, 2003 AT RECEPTION NO. 2541307.

NOTE: VACATION ORDINANCE IN CONNECTION THEREWITH RECORDED NOVEMBER 9, 2007 AT RECEPTION NO. 2894365.

13. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF COAL CREEK VILLAGE NORTH - SARATOGA DRIVE RECORDED APRIL 19, 2007 AT RECEPTION NO. 2850232.

NOTE: RATIFICATION IN CONNECTION THEREWITH RECORDED JANUARY 19, 2011 AT RECEPTION NO. 3127760.

14. TERMS, CONDITIONS AND PROVISIONS OF DEVELOPMENT AGREEMENT FOR COAL CREEK VILLAGE NORTH SARATOGA DRIVE RECORDED APRIL 19, 2007 AT RECEPTION NO. 2850233.

15. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF COAL CREEK VILLAGE NORTH FILING NO. 1.

16. EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF COAL CREEK VILLAGE P.U.D. FILING NO.6.

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